

**CHC Resources Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of affiliates of CHC Resources Corporation as of and for the year ended December 31, 2023, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, CHC Resources Corporation did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

CHC Resources Corporation

By

Hung-Ta, Lin
Chairman

February 26, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
CHC Resources Corporation

Opinion

We have audited the accompanying consolidated financial statements of CHC Resources Corporation (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

The Corporation and its subsidiaries mainly engage in the sale of Ground - Granulated Blast-Furnace Slag (GGBFS), accounting for the largest proportion of total sales revenue. Since revenue is a presumed risk in the Statement of Auditing Standards and it is mainly the focus of users of financial statements. Thus, we considered the occurrence of the sales revenue of GGBFS as a key audit matter. For the accounting policy of sales revenue, please refer to Note 4 of the consolidated financial statements.

Our audit procedures performed included the following:

1. We obtained an understanding of and evaluated design and implementation of internal control of sales of GGBFS and tested its operating effectiveness.
2. We selected samples and verified the occurrence and validity of the sales revenue of GGBFS and confirmed the correctness of the shipping documents and cash collection receipts.

Other Matter

We have also audited the standalone financial statements of CHC Resources Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Shiang Liu and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 302,321	2	\$ 225,685	3
Financial assets at fair value through other comprehensive income- current (Notes 7 and 28)	292,293	2	286,845	3
Financial assets for hedging - current (Notes 22 and 28)	4,279	-	37,602	-
Contract assets - current (Notes 23 and 29)	1,682	-	19,412	-
Notes receivable (Note 8)	270,597	2	246,817	3
Accounts receivable (Note 8)	227,045	2	178,349	1
Accounts receivable - related parties (Notes 8 and 29)	851,298	8	525,074	4
Other receivables	22,572	-	12,009	-
Other receivables - related parties (Note 29)	20,845	-	42,410	-
Current tax assets (Note 25)	71	-	72	-
Inventories (Note 9)	440,505	4	375,864	3
Prepayments (Notes 10 and 29)	120,863	1	157,736	1
Other financial assets - current (Notes 11 and 30)	102,631	1	93,436	1
Refundable deposits - current (Note 15)	35,635	-	33,416	-
Costs to fulfil a contract (Note 23)	12,066	-	9,250	-
Other current assets	47,526	-	39,061	-
Total current assets	<u>2,752,229</u>	<u>22</u>	<u>2,283,038</u>	<u>19</u>
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 7 and 28)	33,564	-	32,702	-
Investments accounted for using the equity method (Note 13)	299,179	2	309,392	3
Property, plant and equipment (Notes 14 and 30)	4,842,613	40	6,383,664	51
Right-of-use assets (Notes 15, 29 and 30)	1,652,561	13	1,784,154	15
Investment properties (Note 16)	2,328,773	20	1,107,974	9
Intangible assets (Note 17)	7,980	-	7,672	-
Deferred tax assets (Note 25)	105,330	1	85,151	1
Prepayments for equipment	476	-	15,958	-
Refundable deposits - noncurrent (Note 15)	240,188	2	250,857	2
Other financial assets - noncurrent (Notes 11 and 30)	4,005	-	3,355	-
Other noncurrent assets (Note 21)	4,438	-	3,250	-
Total noncurrent assets	<u>9,519,107</u>	<u>78</u>	<u>9,984,129</u>	<u>81</u>
TOTAL	<u>\$ 12,271,336</u>	<u>100</u>	<u>\$ 12,267,167</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 593,895	5	\$ 418,575	3
Contract liabilities - current (Notes 23 and 29)	56,801	-	38,197	-
Notes payable	16,208	-	24,891	-
Accounts payable	145,610	1	141,880	1
Accounts payable - related parties (Note 29)	101,638	1	104,313	1
Payables on equipment	47,571	-	29,202	-
Other payables (Note 19)	983,531	9	979,157	9
Other payables - related parties (Notes 19 and 29)	79,597	1	95,855	1
Current tax liabilities (Note 25)	216,082	2	182,751	1
Lease liabilities - current (Notes 15 and 29)	356,934	3	359,823	3
Guarantee deposits received - current	55,034	-	65,290	1
Current portion of long-term borrowings (Note 18)	142,670	1	223,554	2
Other current liabilities	6,277	-	13,208	-
Total current liabilities	<u>2,801,848</u>	<u>23</u>	<u>2,676,696</u>	<u>22</u>
NONCURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,491,510	13	1,812,384	15
Provisions - noncurrent (Note 20)	306,146	2	164,534	1
Deferred tax liabilities (Note 25)	129,412	1	124,011	1
Lease liabilities - noncurrent (Notes 15 and 29)	1,201,508	10	1,314,654	11
Net defined benefit liabilities (Note 21)	49,409	-	56,215	-
Guarantee deposits received - noncurrent	6,400	-	364	-
Total noncurrent liabilities	<u>3,184,385</u>	<u>26</u>	<u>3,472,162</u>	<u>28</u>
Total liabilities	<u>5,986,233</u>	<u>49</u>	<u>6,148,858</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Ordinary shares	2,485,404	20	2,485,404	21
Capital surplus	162,024	1	162,024	1
Retained earnings				
Legal reserve	1,574,514	13	1,496,349	12
Unappropriated earnings	1,854,078	15	1,721,535	14
Total retained earnings	3,428,592	28	3,217,884	26
Other equity	(17,532)	-	34,336	-
Total equity attributable to owners of the Corporation	6,058,488	49	5,899,648	48
NON-CONTROLLING INTERESTS (Note 22)	<u>226,615</u>	<u>2</u>	<u>218,661</u>	<u>2</u>
Total equity	<u>6,285,103</u>	<u>51</u>	<u>6,118,309</u>	<u>50</u>
TOTAL	<u>\$ 12,271,336</u>	<u>100</u>	<u>\$ 12,267,167</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)				
Sales	\$ 6,883,575	56	\$ 6,330,720	56
Construction revenue	13,681	-	43,148	-
Service revenue	<u>5,497,646</u>	<u>44</u>	<u>5,008,761</u>	<u>44</u>
Total operating revenue	<u>12,394,902</u>	<u>100</u>	<u>11,382,629</u>	<u>100</u>
OPERATING COSTS (Notes 9, 24 and 29)				
Cost of goods sold	5,434,012	44	5,130,436	45
Construction costs	12,307	-	40,972	-
Service costs	<u>5,392,413</u>	<u>44</u>	<u>4,840,081</u>	<u>43</u>
Total operating costs	<u>10,838,732</u>	<u>88</u>	<u>10,011,489</u>	<u>88</u>
GROSS PROFIT	<u>1,556,170</u>	<u>12</u>	<u>1,371,140</u>	<u>12</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	183,543	1	186,314	2
General and administrative expenses	274,605	2	255,895	2
Research and development expenses	<u>23,750</u>	<u>-</u>	<u>22,249</u>	<u>-</u>
Total operating expenses	<u>481,898</u>	<u>3</u>	<u>464,458</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>1,074,272</u>	<u>9</u>	<u>906,682</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	6,187	-	3,375	-
Other income	54,294	-	68,333	1
Other gains and losses	(4,112)	-	(1,961)	-
Finance costs	(85,431)	(1)	(65,070)	(1)
Share of profit of associates	<u>14,335</u>	<u>-</u>	<u>23,914</u>	<u>1</u>
Total non-operating income and expenses	<u>(14,727)</u>	<u>(1)</u>	<u>28,591</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,059,545	8	935,273	9
INCOME TAX EXPENSE (Note 25)	<u>201,532</u>	<u>1</u>	<u>180,290</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>858,013</u>	<u>7</u>	<u>754,983</u>	<u>7</u>

(Continued)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (12,056)	-	\$ 33,147	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(23,989)	-	(51,546)	-
Gain (loss) on hedging instruments subject to basis adjustment	(2,074)	-	2,032	-
Share of the other comprehensive loss of associates accounted for using the equity method	(3,534)	-	(20,408)	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	2,411	-	(6,630)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	(24,909)	-	55,846	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>773</u>	<u>-</u>	<u>210</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(63,378)</u>	<u>-</u>	<u>12,651</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 794,635</u>	<u>7</u>	<u>\$ 767,634</u>	<u>7</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 839,555	7	\$ 755,402	7
Non-controlling interests	<u>18,458</u>	<u>-</u>	<u>(419)</u>	<u>-</u>
	<u>\$ 858,013</u>	<u>7</u>	<u>\$ 754,983</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 780,191	7	\$ 759,482	7
Non-controlling interests	<u>14,444</u>	<u>-</u>	<u>8,152</u>	<u>-</u>
	<u>\$ 794,635</u>	<u>7</u>	<u>\$ 767,634</u>	<u>7</u>

(Continued)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 3.38</u>		<u>\$ 3.04</u>	
Diluted	<u>\$ 3.37</u>		<u>\$ 3.03</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Total Equity Attributable to Owners of the Corporation						Other Equity				Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total			
			Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE AT JANUARY 1, 2022	\$ 2,485,404	\$ 162,024	\$ 1,426,077	\$ 124,775	\$ 1,506,730	\$ 3,057,582	\$ (63,742)	\$ 120,249	\$ -	\$ 56,507	\$ 5,761,517	\$ 223,329	\$ 5,984,846
Appropriation of 2021 earnings (Note 22)													
Legal reserve	-	-	70,272	-	(70,272)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(124,775)	124,775	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(621,351)	(621,351)	-	-	-	-	(621,351)	-	(621,351)
	-	-	70,272	(124,775)	(566,848)	(621,351)	-	-	-	-	(621,351)	-	(621,351)
Net profit for the year ended December 31, 2022	-	-	-	-	755,402	755,402	-	-	-	-	755,402	(419)	754,983
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	26,266	26,266	47,679	(71,897)	2,032	(22,186)	4,080	8,571	12,651
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	781,668	781,668	47,679	(71,897)	2,032	(22,186)	759,482	8,152	767,634
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,820)	(12,820)
Disposal of financial assets at fair value through other comprehensive income (loss)	-	-	-	-	(15)	(15)	-	15	-	15	-	-	-
BALANCE AT DECEMBER 31, 2022	2,485,404	162,024	1,496,349	-	1,721,535	3,217,884	(16,063)	48,367	2,032	34,336	5,899,648	218,661	6,118,309
Appropriation of 2022 earnings (Note 22)													
Legal reserve	-	-	78,165	-	(78,165)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(621,351)	(621,351)	-	-	-	-	(621,351)	-	(621,351)
	-	-	78,165	-	(699,516)	(621,351)	-	-	-	-	(621,351)	-	(621,351)
Net profit for the year ended December 31, 2023	-	-	-	-	839,555	839,555	-	-	-	-	839,555	18,458	858,013
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	(9,523)	(9,523)	(20,400)	(27,367)	(2,074)	(49,841)	(59,364)	(4,014)	(63,378)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	830,032	830,032	(20,400)	(27,367)	(2,074)	(49,841)	780,191	14,444	794,635
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,490)	(6,490)
Disposal of financial assets at fair value through other comprehensive income (loss)	-	-	-	-	2,027	2,027	-	(2,027)	-	(2,027)	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 2,485,404	\$ 162,024	\$ 1,574,514	\$ -	\$ 1,854,078	\$ 3,428,592	\$ (36,463)	\$ 18,973	\$ (42)	\$ (17,532)	\$ 6,058,488	\$ 226,615	\$ 6,285,103

The accompanying notes are an integral part of the consolidated financial statements.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,059,545	\$ 935,273
Adjustments for:		
Depreciation expense	931,069	903,067
Amortization expense	22,097	16,208
Net gain on financial assets and liabilities at fair value through profit or loss	(468)	(294)
Finance costs	85,431	65,070
Interest income	(6,187)	(3,375)
Dividend income	(12,888)	(32,449)
Share of loss of associates	(14,335)	(23,914)
Loss (gain) on disposal of property, plant and equipment	(145)	1,597
Write-down (reversal) of inventories	(409)	2,228
Impairment loss on property, plant and equipment	2,005	-
Recognition of provisions	144,197	11,051
Others	(78)	153
Changes in operating assets and liabilities		
Contract assets - current	17,730	(3,552)
Notes receivable	(23,780)	11,034
Accounts receivable	(48,696)	(15,091)
Accounts receivable - related parties	(326,224)	93,894
Other receivables	(10,550)	58,154
Other receivables - related parties	21,565	32,336
Inventories	(64,237)	26,316
Prepayments	36,873	82,558
Other current assets	(8,465)	55,063
Other financial assets	(9,845)	(20,995)
Costs to fulfil a contract	(2,816)	(5,716)
Contract liabilities - current	18,604	(92,838)
Notes payable	(8,683)	12,554
Accounts payable	3,730	11,437
Accounts payable - related parties	(2,675)	462
Other payables	7,241	(315)
Other payables - related parties	(16,258)	24,537
Provisions	(2,585)	-
Other current liabilities	(6,931)	5,434
Net defined benefit liabilities	(18,862)	(7,055)
Cash generated from operations	1,764,970	2,142,832
Income taxes paid	(180,567)	(183,328)
Net cash generated from operating activities	<u>1,584,403</u>	<u>1,959,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(30,298)	-

(Continued)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2023	2022
Acquisition of financial assets at fair value through profit or loss	\$ (900,000)	\$ (530,000)
Proceeds from disposal of financial assets at fair value through profit or loss	900,468	580,310
Acquisition of financial assets for hedging	(8,864)	(35,570)
Proceeds of financial assets for hedging	40,113	-
Proceeds from the capital reduction and liquidation on investment accounted for using the equity method	4,861	-
Acquisition of property, plant and equipment	(225,892)	(289,783)
Proceeds from disposal of property, plant and equipment	435	3,818
Decrease in refundable deposits	8,450	52,265
Payment for intangible assets	(4,625)	(6,875)
Increase in other noncurrent assets	(17,083)	(13,800)
Interest received	6,174	2,833
Dividends received from others	12,888	32,449
Dividends received from associates	<u>16,926</u>	<u>12,310</u>
Net cash used in investing activities	<u>(196,447)</u>	<u>(192,043)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	6,221,943	3,779,595
Repayments of short-term borrowings	(6,041,660)	(3,679,622)
Proceeds from short-term bills payable	200,000	28
Repayments of short-term bills payable	(200,000)	(245,989)
Proceeds from in long-term borrowings	3,600,000	3,820,000
Repayments of long-term borrowings	(3,993,708)	(4,507,667)
Refund of guarantee deposits received	-	1,128
Proceeds from guarantee deposits received	(4,220)	-
Repayments of principal portion of lease liabilities	(367,508)	(350,066)
Dividends paid	(621,351)	(621,351)
Interest paid	(89,225)	(61,264)
Dividends paid to non-controlling interests	<u>(6,490)</u>	<u>(12,820)</u>
Net cash used in financing activities	<u>(1,302,219)</u>	<u>(1,878,028)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS		
	<u>(9,101)</u>	<u>18,684</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	76,636	(91,883)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>225,685</u>	<u>317,568</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 302,321</u>	<u>\$ 225,685</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

CHC Resources Corporation (the “Corporation”) was jointly incorporated by China Steel Corporation (CSC), Taiwan Cement Corporation (TCC) and other shareholders in May 1991. CSC is the parent company that has substantive control over the Corporation. As of December 31, 2023, CSC and its subsidiaries owned 35.6% of the Corporation’s issued ordinary shares. The Corporation mainly engages in the production, processing and sales of Ground - Granulated Blast-Furnace Slag (GGBFS), Portland Blast-Furnace Slag Cement and reutilization of resources.

The shares of the Corporation have been listed on the Taiwan Stock Exchange since November 1999.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and authorized for issue on February 26, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Corporation and its subsidiaries’ accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by International Accounting Standards Board (IASB) (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries have assessed that the application of other standards and interpretations will not have a material impact on the Corporation and its subsidiaries' financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Corporation and its subsidiaries are continuously assessing the possible impact of the application of other standards and interpretations on the Corporation and its subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
 - 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation and its subsidiaries does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as noncurrent.

The Corporation and its subsidiaries are engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation and its subsidiaries' construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation and its subsidiaries' ownership interests in subsidiaries that do not result in the Corporation and its subsidiaries losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Corporation and its subsidiaries and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 12 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and which is not a subsidiary.

The Corporation and its subsidiaries use the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the Corporation and its subsidiaries' share of the equity of associates attributable to the Corporation.

Any excess of the cost of acquisition over the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation and its subsidiaries subscribe for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation and its subsidiaries' ownership interest is reduced due to its additional subscription of the new shares of the associate, the

proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Corporation and its subsidiaries transact with its associate, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which their investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on the associate. The Corporation and its subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are initially measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated and some equipment of Blast-Furnace Slag Cement Division which are recognized using the depreciation method of working hours, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Assets related to contract costs

The expenditures that relate directly to a contract and that generate or enhance resources to be used in satisfying performance obligations are recognized as assets (costs to fulfil a contract) to the extent of the expected recoverable costs and are amortized on a straight-line basis over the contract term.

l. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets, and assets related to contract costs

At the end of each reporting period, the Corporation and its subsidiaries review the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation and its subsidiaries expect to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had

no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets at FVTPL are subsequently measured at fair value, and the remeasurement gains or losses (excluding any dividends or interest earned on such financial assets) on such financial assets are recognized in gains or losses.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred: significant financial difficulty of the issuer or the borrower; breach of contract, such as a default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents are time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

- iii Investments in equity instruments at FVTOCI

On initial recognition, the Corporation and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

- b) Impairment of financial assets and contract assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and accounts receivable) as well as contract assets.

The Corporation and its subsidiaries always recognize lifetime expected credit losses (ECLs) for notes receivable, accounts receivable and contract assets. For all other financial instruments, the Corporation and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Corporation and its subsidiaries consider the following situations as indication that a financial asset is in default (without taking into account

any collateral held by the Corporation and its subsidiaries):

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii Financial asset is more than 180 days past due unless the Corporation and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets and contract assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Hedge accounting

The Corporation designates certain hedging instruments (non-derivatives in respect of foreign currency risk) as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

The effective portion of gains and losses on derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income from the period in which the hedge was effective remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

p. Revenue recognition

The Corporation and its subsidiaries identify contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Merchandise sales revenue

Merchandise sales revenue comes from the sale of products such as GGBFS. According to the contract, when GGBFS and other products are delivered to the customer, the customer has set the price and the right to use the product, bears the responsibility for resale, obsolescence of the product risks, the Corporation and its subsidiaries recognize revenue and accounts receivable at that point in time, and prepayments are recognized as contract liabilities.

2) Service revenue

Service revenue comes from services such as slag processing. For services such as processing, the customer obtains and consumes the performance benefits at the same time. The revenue is recognized when the service is provided by the Corporation. Specifically, the actual calculation is performed and the advance payment for the service is recognized as a contract liability.

3) Construction revenue

Contracts such as land and water remediation that are under the control of the customer during the implementation process, the Corporation and its subsidiaries gradually recognizes income over time. Since the cost of implementation is directly related to the degree of completion of the performance obligation, the Corporation and its subsidiaries measure the progress of completion based on the actual input cost as a percentage of the expected total cost. The Corporation and its subsidiaries gradually recognize contract assets during the implementation process and converts them to accounts receivable when billing. If the received construction payment exceeds the amount of recognized revenue, the difference is recognized as a contract liability.

q. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Corporation and its subsidiaries allocate the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Corporation and its subsidiaries assess the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Corporation and its subsidiaries as lessee

The Corporation and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheet.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation and its subsidiaries account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities

are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the year in which they are incurred.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Rereasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation and its subsidiaries' defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation and its subsidiaries can no longer withdraw the offer of the termination benefit, and when the Corporation and its subsidiaries recognize any related restructuring costs.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation and its subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination or the acquisition of a subsidiary, the tax effect is included in the accounting for the business combination or investments in a subsidiary.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and its subsidiaries' accounting policies, management is required to make judgments, estimations, and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Corporation and its subsidiaries consider the possible impact of volatility in markets on the relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty - write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 228	\$ 47
Checking accounts and demand deposits	254,093	206,438
Cash equivalents (time deposits with original maturities of 3 months or less)	<u>48,000</u>	<u>19,200</u>
	<u>\$ 302,321</u>	<u>\$ 225,685</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Domestic and foreign investments (investments in equity instruments)		
Listed shares	\$ 292,293	\$ 286,845
Unlisted shares	<u>33,564</u>	<u>32,702</u>
	<u>\$ 325,857</u>	<u>\$ 319,547</u>
Current	\$ 292,293	\$ 286,845
Noncurrent	<u>33,564</u>	<u>32,702</u>
	<u>\$ 325,857</u>	<u>\$ 319,547</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes.

Dividends income of NT\$12,888 thousand and NT\$32,449 thousand were recognized for the years ended December 31, 2023 and 2022, respectively.

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Operating	\$ <u>270,597</u>	\$ <u>246,817</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 1,078,343	\$ 703,423
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>
	<u>\$ 1,078,343</u>	<u>\$ 703,423</u>

The Corporation and its subsidiaries make prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation and its subsidiaries continue to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The expected credit losses on notes receivable and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Corporation and its subsidiaries continue to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation and its subsidiaries review the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The Corporation and its subsidiaries write off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Corporation and its subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and accounts receivable based on the Corporation and its subsidiaries' provision matrix.

December 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 1,215,571	\$ 132,181	\$ 1,188	\$ -	\$ 1,348,940
Loss allowance (Lifetime ECLs)	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Amortized cost	<u>\$ 1,215,571</u>	<u>\$ 132,181</u>	<u>\$ 1,188</u>	<u>\$ -</u>	<u>\$ 1,348,940</u>

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Total
Gross carrying amount	\$ 870,073	\$ 80,167	\$ -	\$ -	\$ 950,240
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 870,073</u>	<u>\$ 80,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950,240</u>

There was no change to the loss allowance of notes receivable and accounts receivable in 2023 and 2022.

9. INVENTORIES

	December 31	
	2023	2022
Raw materials	\$ 101,894	\$ 71,461
Supplies	184,613	178,253
Finished goods	113,526	96,041
Merchandise	4,022	16,320
Materials and supplies in transit	<u>36,450</u>	<u>13,789</u>
	<u>\$ 440,505</u>	<u>\$ 375,864</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was NT\$5,434,012 thousand and NT\$5,130,436 thousand, respectively, which included reversal of loss on inventories of NT\$409 thousand and loss on inventories of NT\$2,228 thousand, respectively. The reversal of loss on inventory was mainly due to the impact of price fluctuations in the market.

10. PREPAYMENT

	December 31	
	2023	2022
Prepayment for purchases	\$ 85,256	\$ 92,351
Others	<u>35,607</u>	<u>65,385</u>
	<u>\$ 120,863</u>	<u>\$ 157,736</u>

11. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	\$ 94,325	\$ 85,962
Pledged time deposits - performance bond (Note 30)	<u>12,311</u>	<u>10,829</u>
	<u>\$ 106,636</u>	<u>\$ 96,791</u>

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Current	\$ 102,631	\$ 93,436
Noncurrent	<u>4,005</u>	<u>3,355</u>
	<u>\$ 106,636</u>	<u>\$ 96,791</u> (Concluded)

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Nature of Activities	<u>Percentage of Ownership (%)</u>	
			<u>2023</u>	<u>2022</u>
CHC Resources Corporation	Union Steel Development Corporation	a.	93.37	93.37
CHC Resources Corporation	Pao Good Industrial Co., Ltd.	b.	51.00	51.00
CHC Resources Corporation	Yu Cheng Lime Corp.	c.	90.00	90.00
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd.	d.	85.00	85.00

- a. The company mainly engages in the manufacture and sale of iron powder, OEM and sales of refractory, trading, and human dispatch.
- b. The company mainly engages in sales of fly ash, manufacture and sales of dry-mix mortar, and trading.
- c. The company mainly engages in real estate lease and management of raw materials.
- d. The company mainly engages in the manufacture and sale of GGBFS, sales of Granulated Blast - Furnace Slag (GBFS).

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates that are not individually material	<u>\$ 299,179</u>	<u>\$ 309,392</u>

	For the Year Ended December 31	
	2023	2022
The Corporation and its subsidiaries' share of:		
Net profit for the year	\$ 14,335	\$ 23,914
Other comprehensive loss	<u>(2,761)</u>	<u>(20,198)</u>
Total comprehensive income	<u>\$ 11,574</u>	<u>\$ 3,716</u>

The Corporation and its subsidiaries held more than 20% of the shares of CSC and fellow subsidiaries; thus, the subsidiaries were accounted for using the equity method.

14. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 9 for the movements in property, plant and equipment for the year ended December 31, 2023 and 2022.

The property, plant and equipment of the Corporation and its subsidiaries are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	
Drainage system	30 years
Others	3-15 years
Buildings	
Main buildings	5-55 years
Rain shelters and container houses	3-35 years
Pipelines and other facilities	2-20 years
Machinery and equipment	1-28 years
Transportation equipment	5-10 years
Office equipment	1-10 years
Leasehold improvement	2-35 years
Other equipment	2-35 years

The carrying amounts of property, plant and equipment that were pledged by the Corporation and its subsidiaries for bank financing credit line are set out in Note 30.

Due to the relocation of Iron-Scale Screening Plant, the Corporation expected the original production line will not generate probable future economic benefits. The Corporation carried out a review of the recoverable amount that exceeded the recoverable amount and thus recognized an impairment loss of NT\$2,005 thousand for the year ended December 31, 2023.

For the years ended December 31, 2023 and 2022, the Corporation and its subsidiaries entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

	For the Year Ended December 31	
	2023	2022
Affect both cash and non-cash items from investing activities		
Increase in property, plant and equipment	\$ 260,670	\$ 326,931
Decrease in prepayments for equipment	(15,482)	(43,552)
Decrease (increase) in payables on equipment	(18,369)	6,636
Capitalized interest	<u>(927)</u>	<u>(232)</u>
Paid in cash	<u>\$ 225,892</u>	<u>\$ 289,783</u>

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 1,319,658	\$ 1,475,614
Buildings	312,923	291,774
Machinery and Equipment	118	-
Transportation equipment	<u>19,862</u>	<u>16,766</u>
	<u>\$ 1,652,561</u>	<u>\$ 1,784,154</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 245,462</u>	<u>\$ 146,644</u>
Depreciation charge for right-of-use assets		
Land	\$ 336,321	\$ 334,494
Buildings	34,972	21,325
Machinery and Equipment	118	-
Transportation equipment	<u>7,288</u>	<u>7,547</u>
	<u>\$ 378,699</u>	<u>\$ 363,366</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 356,934</u>	<u>\$ 359,823</u>
Noncurrent	<u>\$ 1,201,508</u>	<u>\$ 1,314,654</u>

Range of discount rates (%) for lease liabilities was as follows:

	December 31	
	2023	2022
Land	0.5889-1.9713	0.5889-1.4703
Buildings	0.5889-3.45	0.5889-3.45
Machinery and Equipment	1.7366	-
Transportation equipment	0.5889-1.7366	0.5889-0.9518

Except for the addition and recognition of depreciation expenses listed above, the Corporation and its subsidiaries did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

c. Material leasing activities and terms

1) Blast-Furnace Slag Cement and resource reutilization business of Taichung Factory

In order to expand business in Taichung, the Corporation signed the investment permission “The Contract Investment, Construction and Operating of Slag Grinding and Processing Plant in the Special Zone for Industry (IV) of Taichung Port” (the “Taichung Factory”) with Port of Taichung Taiwan International Ports Corporation, Ltd (the “Ports Corporation”) in December 2006. The Corporation entered operation in the 2nd quarter of 2009 and 1st quarter of 2016.

For one year beginning from operation date of the first period, the Corporation has committed that the quantities of import and export goods at Taichung Port should be at least the minimum of annual guaranteed traffic volume, which is settled once a year. If the traffic volume is not reached, the Corporation should pay punitive damage to the Ports Corporation for unreached quantities according to the agreed calculation method. As of December 31, 2023, the Corporation had no outstanding punitive damage.

The Taichung Factory investment permission described above is for a period of 50 years, commencing from January 1, 2007 to December 31, 2056. Additionally, the lease term of land associated with the Taichung Factory investment permission is for a period of 20 years, commencing from January 1, 2007 to December 31, 2026. The lease cost of land includes rent, fixed operating royalty and variable operating royalty. The Corporation could apply for renewal before the contract expires. The period is limited to 20 years each time, until the permission period expires. The terms of renewal are to be arranged.

The rents for land of the Taichung Factory and the fixed operating royalty described above are paid every three months; the variable operating royalty paid is according to operating gross profit of the Taichung Factory audited by accountant every year multiplies by the agreed contribution rate.

In addition, for the expansion of stacking volume of slag and the Corporation’s long-term policy regarding the land in Taichung Factory, the Corporation has continued to rent land in the Special Zone for industry of Taichung Port from the Ports Corporation. The lease will expire in 2036 and the Corporation could apply for renewal before the contract expires. The terms of renewal are to be arranged.

The Corporation had provided performance bond amounted to NT\$3,040 thousand, and classified it as noncurrent refundable deposits according to its liquidity. The bank also provided performance bond amounted to NT\$51,240 thousand.

2) Blast-Furnace Slag Cement business in Taipei Port

The Corporation signed an agreement with Chia Hsin Cement Corp. in 2010 to acquire the exclusive right of GGBFS storage facility in Taipei Port. The period is up to 30 years from the beginning operation date of the storage facility (from May 2014 to May 2045). As of December 31, 2023, the Corporation had paid performance bonds amounted to NT\$216,000 thousand, and classified it as current and noncurrent refundable deposits according to its liquidity, so as to operate in coordination with the time schedule for construction of storage facility of Chia Hsin Cement Corp.

The Corporation is committed to pay Chia Hsin Cement Corp. for storage and delivery expenses from the beginning operation date of the storage facility to the date of termination of the contract (from January 2015 to May 2045) on the basis of the agreed rates and minimum capacity agreed with Chia Hsin Cement Corp.

Additionally, the Corporation has to pay NT\$13,834 thousand for site management expenses arising from storage and delivery every year from May 2014 to May 2045, and the amount is paid on a pro-rata basis if the operating period is less than one year.

3) Other resource reutilization business

The Corporation leases land and plants from non-related parties as a premise for resource reutilization business. The leases will successively expire through January 2036.

4) Land use right

CHC Resources Vietnam Co. Ltd. acquired the land use rights in July 2019 from the government of Vietnam, and the lease will expire in May 2051. The carrying amounts of right-of-use assets that had been pledged by the subsidiary for bank borrowing are set out in Note 30.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases and low-value asset leases	\$ <u>12,741</u>	\$ <u>10,903</u>
Total cash outflow for leases	\$ <u>404,865</u>	\$ <u>383,432</u>

The Corporation and its subsidiaries have elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities as short-term and low-value asset leases.

16. INVESTMENT PROPERTIES

For the year ended December 31, 2023

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 1,092,767	\$ 24,702	\$ 1,117,469
Reclassification from property, plant and equipment	<u>1,216,078</u>	<u>27,163</u>	<u>1,243,241</u>
Balance at December 31, 2023	<u>\$ 2,308,845</u>	<u>\$ 51,865</u>	<u>\$ 2,360,710</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2023	\$ -	\$ 9,495	\$ 9,495
Reclassification from property, plant and equipment	-	20,550	20,550
Depreciation expense	<u>-</u>	<u>1,892</u>	<u>1,892</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 31,937</u>	<u>\$ 31,937</u>
Carrying amount at December 31, 2023	<u>\$ 2,308,845</u>	<u>\$ 19,928</u>	<u>\$ 2,328,773</u>

For the year ended December 31, 2022

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,316	\$ -	\$ 1,316
Reclassification from property, plant and equipment	<u>1,091,451</u>	<u>24,702</u>	<u>1,116,153</u>
Balance at December 31, 2022	<u>\$ 1,092,767</u>	<u>\$ 24,702</u>	<u>\$ 1,117,469</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Reclassification from property, plant and equipment	-	9,300	9,300
Depreciation expense	<u>-</u>	<u>195</u>	<u>195</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 9,495</u>	<u>\$ 9,495</u>
Carrying amount at December 31, 2022	<u>\$ 1,092,767</u>	<u>\$ 15,207</u>	<u>\$ 1,107,974</u>

The reclassified investment properties of the Corporation were leased to the parent company CSC with a lease tenure of 5 years. The rentals are under mutual agreement and received semiannually. The lessee has bargain renewed options at the expiry of the lease periods.

The maturity analysis of lease receivables under operating leases of investment properties was as follows:

	<u>December 31</u>	
	2023	2022
Year 1	\$ 29,014	\$ 14,988
Year 2	29,014	14,988
Year 3	29,014	14,988
Year 4	21,531	14,988
Year 5	7,034	7,504
Year 6 onwards	-	21

Except for the reclassification of investment properties from property, plant and equipment (refer to Table 9), the Corporation and its subsidiaries had no significant addition, disposal and impairment on investment properties for the years ended December 31, 2023 and 2022. Buildings are depreciated through 3 to 26 years on a straight-line basis.

As of December 31, 2023 and 2022, the fair values of investment properties were NT\$2,483,935 thousand and NT\$1,194,250 thousand, respectively, and part of the lands' fair values was measured at level 3 inputs based on the real estate appraisers. The appraisal was based on the actual transaction price of land in the same section and the significant unobservable input included the related expense ratio. Others were not evaluated by independent qualified professional evaluators. The management of the Corporation used the valuation model applied by market participants to determine the fair value, and the fair value was measured using level 3 inputs.

All investment properties of the Corporation and its subsidiaries are from self-owned equity.

17. INTANGIBLE ASSETS

For the year ended December 31, 2023

	Computer Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 11,241
Additions	4,625
Intangible assets transferred to Other assets	(51)
Effects of foreign currency exchange difference	<u>(35)</u>
Balance at December 31, 2023	<u>15,780</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	3,569
Amortization expenses	4,285
Intangible assets transferred to Other assets	(34)
Effects of foreign currency exchange difference	<u>(20)</u>
Balance at December 31, 2023	<u>7,800</u>
Carrying amount at December 31, 2023	<u>\$ 7,980</u>

For the year ended December 31, 2022

	Computer Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 4,323
Additions	6,875
Effects of foreign currency exchange difference	<u>43</u>
Balance at December 31, 2022	<u>11,241</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	1,131
Amortization expenses	2,427
Effects of foreign currency exchange difference	<u>11</u>
Balance at December 31, 2022	<u>3,569</u>
Carrying amount at December 31, 2022	<u>\$ 7,672</u>

Intangible assets are computer software, which are amortized over 3-5 years on a straight-line basis.

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank loans - annual interest rates range was 1.635%-3.8% and 1.5%-8.27% as of December 31, 2023 and 2022, respectively	\$ 545,429	\$ 409,297
Letters of credit - annual interest rates range was 1.71%-1.775% and 1.6443%-1.65% as of December 31, 2023 and 2022, respectively	<u>48,466</u>	<u>9,278</u>
	<u>\$ 593,895</u>	<u>\$ 418,575</u>

b. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank loans - due in June 2025, annual interest rates range was 1.6%-1.8256% and 1.2268%-1.95% as of December 31, 2023 and 2022, respectively	\$ 1,378,834	\$ 1,706,500
Secured bank loans - due in July 2027, annual interest rates range was 4.1%-4.43% and 9.38%-9.55% as of December 31, 2023 and 2022, respectively	<u>255,346</u>	<u>329,438</u>
	1,634,180	2,035,938
Less: Current portion	<u>142,670</u>	<u>223,554</u>
	<u>\$ 1,491,510</u>	<u>\$ 1,812,384</u>

19. OTHER PAYABLES (INCLUDING RELATED PARTIES)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Freight	\$ 244,884	\$ 244,523
Salaries and bonus	200,837	194,722
Outsourced salaries	147,274	160,686
Compensation of employees and remuneration of directors and supervisors	46,537	42,420
Utility bill	39,487	35,054
Professional service payable	12,369	12,194
Taxes payable	9,132	9,377
Others	<u>362,608</u>	<u>376,036</u>
	<u>\$ 1,063,128</u>	<u>\$ 1,075,012</u>

The estimated expenses of cleanup plan stated in Note 32 were NT316,355 thousand and NT\$211,163 thousand as of December 31, 2023 and 2022, respectively. The amounts were recognized as other payables-others and provisions.

20. PROVISIONS - NONCURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cost of resource reutilization	<u>\$ 306,146</u>	<u>\$ 164,534</u>
	<u>For the Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 164,534	\$ 153,483
Additions	144,197	11,051
Amount used	<u>(2,585)</u>	<u>-</u>
Balance, end of the year	<u>\$ 306,146</u>	<u>\$ 164,534</u>

The provision for resource reutilization represents the amount of the best estimate for product promotion based on recent experience because the Corporation is required to settle obligations on the balance sheet date, which would be adjusted in accordance with relevant laws and regulations.

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation and its subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the foreign subsidiary are members of a state-managed retirement benefit plan operated by the local government.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation and its domestic subsidiaries in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation and its domestic subsidiaries contribute amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation and its domestic subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation and its subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation and its domestic subsidiaries have no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Corporation and its domestic subsidiaries' defined benefit plans are as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 383,689	\$ 371,609
Fair value of plan assets	<u>(337,231)</u>	<u>(317,318)</u>
Deficit	<u>\$ 46,458</u>	<u>\$ 54,291</u>
Net defined benefit assets (under other noncurrent assets)	\$ (2,951)	\$ (1,924)
Net defined benefit liabilities	<u>49,409</u>	<u>56,215</u>
	<u>\$ 46,458</u>	<u>\$ 54,291</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 377,036</u>	<u>\$ (281,733)</u>	<u>\$ 95,303</u>
Service cost			
Current service cost	6,244	-	6,244
Interest expense (income)	<u>1,885</u>	<u>(1,445)</u>	<u>440</u>
Recognized in profit or loss	<u>8,129</u>	<u>(1,445)</u>	<u>6,684</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,299)	(22,299)
Actuarial gain - changes in financial assumptions	(18,233)	-	(18,233)
Actuarial loss - experience adjustments	<u>7,385</u>	<u>-</u>	<u>7,385</u>
Recognized in other comprehensive income	<u>(10,848)</u>	<u>(22,299)</u>	<u>(33,147)</u>
Contributions from the employer	<u>-</u>	<u>(14,537)</u>	<u>(14,537)</u>
Benefits paid	<u>(2,708)</u>	<u>2,696</u>	<u>(12)</u>
Balance at December 31, 2022	<u>371,609</u>	<u>(317,318)</u>	<u>54,291</u>
Service cost			
Current service cost	5,152	-	5,152
Interest expense (income)	<u>5,565</u>	<u>(4,874)</u>	<u>691</u>
Recognized in profit or loss	<u>10,717</u>	<u>(4,874)</u>	<u>5,843</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,917)	(1,917)
Actuarial loss - changes in financial assumptions	8,059	-	8,059
Actuarial loss - experience adjustments	<u>5,914</u>	<u>-</u>	<u>5,914</u>
Recognized in other comprehensive income	<u>13,973</u>	<u>(1,917)</u>	<u>12,056</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ _____ -	\$ (15,087)	\$ (15,087)
Benefits paid	<u>(12,610)</u>	<u>1,965</u>	<u>(10,645)</u>
Balance at December 31, 2023	<u>\$ 383,689</u>	<u>\$ (337,231)</u>	<u>\$ 46,458</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Corporation and its domestic subsidiaries are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposits with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	2022
Discount rate (%)	1.25-1.375	1.375-1.5
Expected rate of salary increase (%)	2-2.5	2-2.5

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (8,159)</u>	<u>\$ (8,295)</u>
0.25% decrease	<u>\$ 8,402</u>	<u>\$ 8,553</u>

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 8,155</u>	<u>\$ 8,316</u>
0.25% decrease	<u>\$ (7,960)</u>	<u>\$ (8,106)</u>
		(Concluded)

The sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected contributions to the plan for the next year	<u>\$ 14,955</u>	<u>\$ 15,250</u>
Average duration of the defined benefit obligation		
Managers	6.6 years	7.8 years
Employees	8.7 years	9.1 years
Employees of domestic subsidiaries	9.6-12.4 years	9.5-11.1 years

22. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands of shares)	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>248,540</u>	<u>248,540</u>
Shares issued	<u>\$ 2,485,404</u>	<u>\$ 2,485,404</u>

Issued ordinary shares with a par value of NT\$10, carry one vote per share and the right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset deficits, distribute as cash dividends, or transfer to share capital (Note)		
Additional paid-in capital	\$ 4,419	\$ 4,419
Consolidation excess	157,497	157,497
Donations	<u>108</u>	<u>108</u>
	<u>\$ 162,024</u>	<u>\$ 162,024</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividends policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meeting in June 2023 and 2022, respectively, were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Legal reserve	\$ 78,165	\$ 70,272
Reversal of special reserve	-	(124,775)
Cash dividends	621,351	621,351
Cash dividends per share (NT\$)	2.5	2.5

The appropriations of earnings for 2023 were proposed by the Corporation's board of directors in February 2024 as follows:

	<u>For the Year Ended December 31, 2023</u>
Legal reserve	\$ 83,206
Special reserve	17,532
Cash dividends	745,621
Cash dividend per share (NT\$)	3

The appropriations of earnings for 2023 will be resolved by the shareholders in their meeting to be held in June 2024.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	\$ (16,063)	\$ (63,742)
Recognized for the year		
Exchange differences on translating of the financial statements of foreign operations	(21,173)	47,469
Share from associates accounted for using the equity method	<u>773</u>	<u>210</u>
Balance, end of the year	<u>\$ (36,463)</u>	<u>\$ (16,063)</u>

2) Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	\$ 48,367	\$ 120,249
Recognized for the year		
Unrealized losses - equity instruments	(23,894)	(51,404)
Share from associates accounted for using the equity method	(3,473)	(20,493)
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	<u>(2,027)</u>	<u>15</u>
Balance, end of the year	<u>\$ 18,973</u>	<u>\$ 48,367</u>

3) Gains (losses) on Hedging Instruments

Cash flow hedges

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	\$ 2,032	\$ -
Recognized for the year		
Change in fair value of hedging instruments - other comprehensive income	(2,074)	2,032
Foreign currency risk- foreign deposits	<u>(2,074)</u>	<u>2,032</u>
Balance, end of the year	<u>\$ (42)</u>	<u>\$ 2,032</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	\$ 218,661	\$ 223,329
Share of profit (loss) for the year	18,458	(419)
		(Continued)

	For the Year Ended December 31	
	2023	2022
Other comprehensive income (loss) for the year		
Exchange differences on translating of the financial statements of foreign operations	\$ (3,736)	\$ 8,377
Unrealized loss on financial assets at fair value through other comprehensive income	(95)	(142)
Remeasurement of defined benefit plans	(229)	420
Income tax effect	46	(84)
Dividend distributed	<u>(6,490)</u>	<u>(12,820)</u>
Balance, end of the year	<u>\$ 226,615</u>	<u>\$ 218,661</u> (Concluded)

23. REVENUE

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and accounts receivable (Note 8)	<u>\$ 1,348,940</u>	<u>\$ 950,240</u>	<u>\$ 1,040,077</u>
Contract assets - current			
Construction contracts	\$ 1,348	\$ 19,007	\$ -
Sales retention receivables	334	405	15,860
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,682</u>	<u>\$ 19,412</u>	<u>\$ 15,860</u>
Contract liabilities - current			
Sale received in advance	\$ 55,846	\$ 29,150	\$ 68,661
Services received in advance	478	6,353	40,740
Construction contracts	<u>477</u>	<u>2,694</u>	<u>21,634</u>
	<u>\$ 56,801</u>	<u>\$ 38,197</u>	<u>\$ 131,035</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation and its subsidiaries' performance and the respective customer's payment. There was no significant change in the balance of contract assets and contract liabilities of the Corporation and its subsidiaries for the years ended December 31, 2023 and 2022.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous period was NT\$38,168 thousand and NT\$106,900 thousand, respectively.

b. Assets related to contract costs

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Cost to fulfil a contract		
Executing cost	\$ <u>12,066</u>	\$ <u>9,250</u>

c. Disaggregation of revenue

Refer to Note 35 for information on the disaggregation of revenue.

24. PROFIT BEFORE INCOME TAX

a. Other income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$ 33,577	\$ 26,660
Dividend income	12,888	32,449
Others	<u>7,829</u>	<u>9,224</u>
	<u>\$ 54,294</u>	<u>\$ 68,333</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Gain (loss) on disposal of property, plant and equipment	\$ 145	\$ (1,597)
Fair value changes of financial assets and financial liabilities mandatorily classified as at FVTPL	468	294
Net foreign exchange gain	1,370	2,458
Impairment loss on property, plant and equipment	(2,005)	-
Others	<u>(4,090)</u>	<u>(3,116)</u>
	<u>\$ (4,112)</u>	<u>\$ (1,961)</u>

c. Finance costs

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest on borrowings	\$ 61,742	\$ 42,839
Interest on lease liabilities	<u>24,616</u>	<u>22,463</u>
	86,358	65,302
Less: Amounts included in the cost of qualifying assets	<u>927</u>	<u>232</u>
	<u>\$ 85,431</u>	<u>\$ 65,070</u>

Information on capitalized interest was as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Capitalized interest amounts	\$ <u>927</u>	\$ <u>232</u>
Capitalization rates (%)	1.462-1.694	0.6866-1.294

d. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2023	2022
Property, plant and equipment	\$ 550,478	\$ 539,506
Right-of-use assets	378,699	363,366
Investment properties	1,892	195
Intangible assets	4,285	2,427
Other noncurrent assets	<u>17,812</u>	<u>13,781</u>
	<u>\$ 953,166</u>	<u>\$ 919,275</u>
An analysis of depreciation by function		
Operating costs	\$ 881,945	\$ 860,369
Operating expenses	47,143	42,503
Others	<u>1,981</u>	<u>195</u>
	<u>\$ 931,069</u>	<u>\$ 903,067</u>
An analysis of amortization by function		
Operating costs	\$ 17,809	\$ 13,715
Operating expenses	<u>4,288</u>	<u>2,493</u>
	<u>\$ 22,097</u>	<u>\$ 16,208</u>

e. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Short-term employee benefits		
Salaries	\$ 620,694	\$ 611,850
Labor and health insurance	46,848	45,602
Others	<u>31,131</u>	<u>29,168</u>
	<u>698,673</u>	<u>686,620</u>
Post-employment benefits		
Defined contribution plans	14,426	14,168
Defined benefit plans (Note 21)	5,843	6,684
Other	<u>1,193</u>	<u>-</u>
	<u>21,462</u>	<u>20,852</u>
Termination benefits	<u>12</u>	<u>-</u>
	<u>\$ 720,147</u>	<u>\$ 707,472</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Analysis of employee benefits expense by function		
Operating costs	\$ 447,803	\$ 442,178
Operating expenses	<u>272,344</u>	<u>265,294</u>
	<u>\$ 720,147</u>	<u>\$ 707,472</u>
		(Concluded)

f. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Corporation's board of directors in February 2024 and 2023, respectively, are as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ 36,941	\$ 33,862
Remuneration of directors	7,388	6,772

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate in the next year.

The actual amounts of the compensation of employees and remuneration of directors paid for 2022 and 2021 differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021, as follows:

	For the Year Ended December 31			
	2022		2021	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	<u>\$ 33,862</u>	<u>\$ 6,772</u>	<u>\$ 38,236</u>	<u>\$ 7,647</u>
Amounts recognized in the annual financial statements	<u>\$ 33,861</u>	<u>\$ 6,772</u>	<u>\$ 38,236</u>	<u>\$ 7,647</u>

The differences for the year ended December 31, 2022 were adjusted to profit or loss for the year ended December 31, 2023. There is no difference between the amount recognized and approved in the consolidated financial statements for the year ended December 31, 2021.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 216,263	\$ 182,916
Adjustment for prior year	(2,364)	(1,106)
Deferred tax	<u>(12,367)</u>	<u>(1,520)</u>
	<u>\$ 201,532</u>	<u>\$ 180,290</u>

A reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 1,059,545</u>	<u>\$ 935,273</u>
Income tax expense calculated at the statutory rate	\$ 207,218	\$ 193,867
Tax-exempt income and deductible income tax difference	(3,322)	(12,471)
Adjustments for prior year	<u>(2,364)</u>	<u>(1,106)</u>
	<u>\$ 201,532</u>	<u>\$ 180,290</u>

b. Income tax (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Remeasurement of defined benefit plans	<u>\$ 2,411</u>	<u>\$ (6,630)</u>

c. Current income tax assets and liabilities

	December 31	
	2023	2022
Current income tax assets		
Tax refund receivable	<u>\$ 71</u>	<u>\$ 72</u>
Current income tax liabilities		
Income tax payable	<u>\$ 216,082</u>	<u>\$ 182,751</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit liabilities	\$ 11,242	\$ (3,548)	\$ 2,187	\$ 9,881
Cleanup costs	40,222	(7,823)	-	32,399
Provision	32,907	28,322	-	61,229
Others	<u>780</u>	<u>1,041</u>	<u>-</u>	<u>1,821</u>
	<u>\$ 85,151</u>	<u>\$ 17,992</u>	<u>\$ 2,187</u>	<u>\$ 105,330</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 120,448	\$ -	\$ -	\$ 120,448
Investment income	3,139	5,235	-	8,374
Defined benefit assets	384	430	(224)	590
Others	<u>40</u>	<u>(40)</u>	<u>-</u>	<u>-</u>
	<u>\$ 124,011</u>	<u>\$ 5,625</u>	<u>\$ (224)</u>	<u>\$ 129,412</u>

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit liabilities	\$ 21,450	\$ (3,725)	\$ (6,483)	\$ 11,242
Cleanup costs	40,846	(624)	-	40,222
Provision	30,697	2,210	-	32,907
Others	<u>4,567</u>	<u>(3,787)</u>	<u>-</u>	<u>780</u>
	<u>\$ 97,560</u>	<u>\$ (5,926)</u>	<u>\$ (6,483)</u>	<u>\$ 85,151</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 120,448	\$ -	\$ -	\$ 120,448
Investment income	10,639	(7,500)	-	3,139
Defined benefit assets	221	16	147	384
Others	<u>2</u>	<u>38</u>	<u>-</u>	<u>40</u>
	<u>\$ 131,310</u>	<u>\$ (7,446)</u>	<u>\$ 147</u>	<u>\$ 124,011</u>

e. Income tax assessments

The Corporation and its domestic subsidiaries' income tax returns through 2021 have been assessed by the tax authorities. The foreign subsidiary calculated the tax in accordance with the local laws.

26. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Net profit attributable to owners of the Corporation	<u>\$ 839,555</u>	<u>\$ 755,402</u>
<u>Number of ordinary shares (in thousands of shares)</u>		
	<u>For the Year Ended December 31</u>	
	2023	2022
Weighted average number of ordinary shares used in computation of basic earnings per share	248,540	248,540
Effect of potential dilutive ordinary shares:		
Compensation of employees	<u>746</u>	<u>861</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>249,286</u>	<u>249,401</u>

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

The Corporation and its subsidiaries manage its capital to ensure that entities in the Corporation and its subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Corporation and its subsidiaries consist of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings, other equity).

The Corporation and its subsidiaries are not subject to any externally imposed capital requirements.

28. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial instruments that are not measured at fair value approximate their fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 292,293	\$ -	\$ -	\$ 292,293
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>33,564</u>	<u>33,564</u>
	<u>\$ 292,293</u>	<u>\$ -</u>	<u>\$ 33,564</u>	<u>\$ 325,857</u>
<u>December 31, 2022</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 286,845	\$ -	\$ -	\$ 286,845
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>32,702</u>	<u>32,702</u>
	<u>\$ 286,845</u>	<u>\$ -</u>	<u>\$ 32,702</u>	<u>\$ 319,547</u>

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial assets

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Financial assets at fair value through other comprehensive income (equity instruments)</u>		
Balance, beginning of the year	\$ 32,702	\$ 30,826
Recognized in other comprehensive income	<u>862</u>	<u>1,876</u>
Balance, end of the year	<u>\$ 33,564</u>	<u>\$ 32,702</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined based on industry types, valuations of similar companies and operations.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income - equity instruments	\$ 325,857	\$ 319,547
Financial assets for hedging	4,279	37,602
Financial assets at amortized cost 1)	2,077,137	1,611,408
<u>Financial liabilities</u>		
Financial liabilities at amortized cost 2)	3,663,010	3,902,874

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable (including related parties), payables on equipment other payables (including related parties), guarantee deposits received, refund liabilities (under other current liabilities) and long-term borrowings (including current portion).

d. Financial risk management objectives and policies

The Corporation and its subsidiaries place great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation and its subsidiaries were equipped with sufficient and cost - efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation and its subsidiaries for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed them primarily to financial risks as follows:

a) Foreign currency risk

The Corporation and its subsidiaries had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation and its subsidiaries' foreign currency-denominated monetary assets and monetary liabilities at the end of the year are set out in Note 33.

Sensitivity analysis

The Corporation and its subsidiaries are mainly exposed to the USD and the JPY.

The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included bank deposits, accounts receivable, other receivables, financial assets for hedging, short-term borrowings and accounts payable. If the foreign exchange rates of the New Taiwan dollar against the relevant currency had been 1% higher/lower, the amount of profit before income tax and equity for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$137 thousand and NT\$732 thousand, respectively.

b) Interest rate risk

The carrying amounts of the Corporation and its subsidiaries' financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial liabilities	\$ 1,558,442	\$ 1,674,477
Cash flow interest rate risk		
Financial assets	383,528	301,267
Financial liabilities	2,228,075	2,454,513

The sensitivity analysis below was determined based on the Corporation and its subsidiaries' exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' cash flows for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$ 22,281 thousand and NT\$24,545 thousand, respectively, which were mainly a result of variable-rate borrowings.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through its investments in listed equity securities, which are held for strategic rather than trading purposes, the Corporation and its subsidiaries do not actively trade these investments. The Corporation and its subsidiaries' equity price risk is mainly concentrated in instruments of listed steel industry.

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$ 2,923 thousand and NT\$2,868 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Corporation and its subsidiaries. At the end of the reporting period, the

Corporation and its subsidiaries' maximum exposure to credit risk, which would cause a financial loss to the Corporation and its subsidiaries due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Corporation and its subsidiaries, could be equal mainly to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The adopted policies are only for transactions with creditworthy counterparty to obtain sufficient guarantees to mitigate the risk of financial losses arising from defaults. The Corporation and its subsidiaries use other publicly available financial information and mutual transaction records to evaluate major customers, and also continuously monitor credit risk and credit rating of counterparties, and distribute the total transaction amount to qualified customers. The Corporation and its subsidiaries also control credit risk insurance by credit limit every year.

The Corporation and its subsidiaries' concentrations of credit risk in the industries were as follows:

	December 31	
	2023	2022
Cement industry	\$ 794,356	\$ 603,488
Steel industry	<u>379,365</u>	<u>160,248</u>
	<u>\$ 1,173,721</u>	<u>\$ 763,736</u>

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitor the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to ensure compliance with loan covenants.

As of December 31, 2023, the current liabilities of the Corporation and its subsidiaries exceeded current assets by NT\$49,619 thousand. However, the Corporation and its subsidiaries' operating profits were normal and had sufficient unutilized short-term and long-term bank financing lines; therefore, there was no liquidity risk.

The Corporation and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of the balance sheet date, the Corporation and subsidiaries had available unutilized short-term and long-term bank loan facilities as set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and subsidiaries can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates of other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

	Less Than 1 Year	Over 1 Years	Total
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 1,428,535	\$ 6,400	\$ 1,434,935
Variable interest rate instruments	753,397	1,532,112	2,285,509
Lease liabilities	<u>362,496</u>	<u>1,331,128</u>	<u>1,693,624</u>
	<u>\$ 2,544,428</u>	<u>\$ 2,869,640</u>	<u>\$ 5,414,068</u>

Additional information on the maturity analysis for lease liabilities is as follows:

	Less Than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	<u>\$ 362,496</u>	<u>\$ 1,001,631</u>	<u>\$ 329,497</u>

	Less Than 1 Year	Over 1 Years	Total
<u>December 31, 2022</u>			
Non-interest bearing liabilities	\$ 1,447,997	\$ 364	\$ 1,448,361
Variable interest rate instruments	678,859	1,904,759	2,583,618
Lease liabilities	<u>369,471</u>	<u>1,450,442</u>	<u>1,819,913</u>
	<u>\$ 2,496,327</u>	<u>\$ 3,355,565</u>	<u>\$ 5,851,892</u>

Additional information on the maturity analysis for lease liabilities is as follows:

	Less Than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	<u>\$ 369,471</u>	<u>\$ 1,008,464</u>	<u>\$ 441,978</u>

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	<u>December 31</u>	
	2023	2022
Unsecured bank facilities		
Amount used	\$ 2,340,850	\$ 2,557,028
Amount unused	<u>6,678,054</u>	<u>7,099,972</u>
	<u>\$ 9,018,904</u>	<u>\$ 9,657,000</u>
Secured bank facilities		
Amount used	\$ 255,346	\$ 350,084
Amount unused	<u>20,000</u>	<u>20,000</u>
	<u>\$ 275,346</u>	<u>\$ 370,084</u>

4) Cash flow hedges

December 31, 2023

Hedging Instrument	Currency	Amount	Line Items on the Balance Sheet	Carrying Amount	
				Asset	Liability
Cash flow hedges-hedging deposits	JPY	\$ 19,700	Financial assets for hedging	<u>\$ 4,279</u>	<u>\$ -</u>

Hedged Item	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	
		Continuing Hedges	Discontinuing Hedges
Cash flow hedge Forecast purchases equipment	<u>\$ (2,074)</u>	<u>\$ (42)</u>	<u>\$ -</u>

For the Year Ended December 31, 2023

Effect on Comprehensive Income	Hedging Gains (losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedges - hedging deposits	<u>\$ (2,074)</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

Hedging Instrument	Currency	Amount	Line Items on the Balance Sheet	Carrying Amount	
				Asset	Liability
Cash flow hedges-hedging deposits	JPY	\$ 161,800	Financial assets for hedging	<u>\$ 37,602</u>	<u>\$ -</u>

Hedged Item	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	
		Continuing Hedges	Discontinuing Hedges
Cash flow hedge Forecast purchases equipment	<u>\$ 2,032</u>	<u>\$ 2,032</u>	<u>\$ -</u>

For the Year Ended December 31, 2022

Effect on Comprehensive Income	Hedging Gains (losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	<u>Amount Reclassified to P/L and the Adjusted Line Item</u>	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedges - hedging deposits	\$ <u>2,032</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and its subsidiaries and other related parties are disclosed as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
China Steel Corporation (CSC)	Parent of the Corporation
Chung Hung Steel Corporation (CHSC)	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
United Steel Engineering & Construction Corporation (USECC)	Fellow subsidiary
China Steel Resources Corporation (CSRC)	Fellow subsidiary
China Steel Security Corporation (CSSC)	Fellow subsidiary
China Steel Express Corporation (CSEC)	Fellow subsidiary
Universal Exchange Inc.	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
China Steel Chemical Corporation	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary
Infochamp Systems Corporation	Fellow subsidiary
China Steel Structure Co., Ltd.	Fellow subsidiary
C.S.Aluminium Corporation (CSAC)	Fellow subsidiary
CSC Solar Corporation (CSC SOLAR)	Fellow subsidiary
China Prosperity Construction Corporation	Fellow subsidiary
Taiwan Cement Corporation (TCC)	Director of the Corporation
Asia Cement Corporation (ACC)	Director of the Corporation
Universal Cement Corporation	Director of the Corporation
Southeast Cement Corporation	Director of the Corporation
Taiwan Transport & Storage Corporation (TTSC)	Subsidiary of director of the Corporation
Nan-Hwa Cement Corporation (NHCC)	Subsidiary of director of the Corporation
Ta-Ho Maritime Corporation	Subsidiary of director of the Corporation
Ya Tung Ready Mixed Concrete Co., Ltd.	Subsidiary of director of the Corporation

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Universal Cement Concrete Corporation	Subsidiary of director of the Corporation
Ya Li Transportation Corporation (YL)	Subsidiary of director of the Corporation
Fu-Ming Transport	Subsidiary of director of the Corporation
Formosa Ha Tinh Steel Corporation (FHSC)	Other related party

(Concluded)

b. Operating revenue

Account Items	Related Party Category/Name	Collection Period	<u>For the Year Ended December 31</u>	
			2023	2022
Sales	Parent entity - CSC	Open account next month	\$ 196,524	\$ 146,630
	Fellow subsidiaries	Open account 30-70 days	61,675	92,543
	Directors and its subsidiaries TCC	Open account 60 days	824,646	699,509
	Others	Open account 30-70 days	879,784	746,592
			<u>\$ 1,962,629</u>	<u>\$ 1,685,274</u>
Service revenue	Parent entity - CSC	Open account next month	\$ 2,950,904	\$ 2,585,170
	Fellow subsidiaries DSC	Open account 30-70 days	1,400,136	1,345,564
	CSRC	According to the contract	642,849	559,422
	Others	Open account 30-70 days	27,306	21,594
	Directors and its subsidiaries	Open account 30-60 days	167,769	153,196
	Other related parties	Net 10 days from invoice date.	194,557	183,844
		<u>\$ 5,383,521</u>	<u>\$ 4,848,790</u>	
Construction contract revenue	Parent entity - CSC	According to the contract	\$ 2,618	\$ -
	Fellow subsidiaries - CSRC	According to the contract	11,063	43,148
		<u>\$ 13,681</u>	<u>\$ 43,148</u>	

The selling price of GGBFS to directors and its subsidiaries was made at arm's length and applied to similar transactions in the market. Other transactions did not have non-related parties for comparison. The collection periods for related parties were not materially different from those for unrelated parties. The payment terms between the Company and related parties and between the Company and non-related parties are agreed upon by both parties.

c. Purchase of goods

Related Party Category/Name	Payment Term	For the Year Ended December 31	
		2023	2022
Parent entity - CSC	Letter of credit	\$ 728,324	\$ 696,033
Fellow subsidiaries			
DSC	Letter of credit	331,464	362,642
CHSC	Letter of credit	378,118	469,215
Others	Open account 30 days; Letter of credit; Prepaid before shipping	129,364	263,853
Directors and its subsidiaries	Net 45 days from B/L; 3 business days after invoice	423,078	442,911
Others			
FHSC	Prepaid before shipping	<u>497,873</u>	<u>402,131</u>
		<u>\$ 2,488,221</u>	<u>\$ 2,636,785</u>

Purchases of cement from related parties were made at arm's length and applied to similar transactions in the market. Other transactions did not have non-related parties for comparison. The payment terms between the Company and related parties and between the Company and non-related parties are agreed upon by both parties.

d. Contract assets - current

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 137	\$ -
Fellow subsidiaries - CSRC	<u>-</u>	<u>19,007</u>
	<u>\$ 137</u>	<u>\$ 19,007</u>

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

e. Contract liabilities - current

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ -	\$ 5,224
Directors and its subsidiaries	<u>-</u>	<u>172</u>
	<u>\$ -</u>	<u>\$ 5,396</u>

f. Other material transactions with related parties

	For the Year Ended December 31	
	2023	2022
1) Operating lease		
Rental income		
Parent entity - CSC	\$ 32,470	\$ 25,969
2) Security expense		
Fellow subsidiary - CSSC	44,956	42,542
3) Outsourced manufacturing expense		
Subsidiary of director - NHCC	103,056	93,058
4) Charges for handling service and freight		
Fellow subsidiary - CSEC	642,348	437,595
Subsidiary of director		
YL	256,194	203,755
TTSC	44,948	56,563
5) Other professional service expense		
Director - ACC	136,768	96,500
Director - TCC	10,569	3,858
Fellow subsidiary - USECC	-	16,691
6) Renewable energy expense		
Fellow subsidiary - CSC SOLAR	11,032	-

The above transaction prices, collection and payment term are agreed upon by both parties.

g. Accounts receivable - related parties

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 180,617	\$ 42,504
Fellow subsidiaries		
DSC	154,996	101,985
Others	64,119	53,930
Directors and its subsidiaries		
TCC	283,493	210,963
Others	125,179	101,023
Others related parties	<u>42,894</u>	<u>14,669</u>
	<u>\$ 851,298</u>	<u>\$ 525,074</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

h. Other receivables - related parties

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 20,495	\$ 38,274
Fellow subsidiaries	-	231
Directors and its subsidiaries	3	11
Other related parties	<u>347</u>	<u>3,894</u>
	<u>\$ 20,845</u>	<u>\$ 42,410</u>

i. Accounts payable - related parties

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 12,225	\$ 5,149
Fellow subsidiaries		
CHSC	36,530	25,288
Others	4,388	8,702
Directors and its subsidiaries		
TCC	11,153	30,775
Others	<u>37,342</u>	<u>34,399</u>
	<u>\$ 101,638</u>	<u>\$ 104,313</u>

The outstanding accounts payable to related parties are unsecured.

j. Other payable - related parties

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 2,863	\$ 3,232
Fellow subsidiaries	5,910	38,290
Directors and its subsidiaries	70,451	53,238
Other related parties	<u>373</u>	<u>1,095</u>
	<u>\$ 79,597</u>	<u>\$ 95,855</u>

k. Prepayment

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 1,328	\$ -
Fellow subsidiary - CSEC	-	32,334
Directors and its subsidiaries	2	7,056
Other related parties - FHSC	<u>8,492</u>	<u>19,225</u>
	<u>\$ 9,822</u>	<u>\$ 58,615</u>

l. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Acquisition of right-of-use assets		
Parent entity - CSC	\$ 16,888	\$ 66,580
Fellow subsidiaries - CSAC	<u>237</u>	<u>-</u>
	<u>\$ 17,125</u>	<u>\$ 66,580</u>

Account Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Parent entity - CSC	\$ 53,282	\$ 53,430
	Fellow subsidiaries	<u>119</u>	<u>76</u>
		<u>\$ 53,401</u>	<u>\$ 53,506</u>

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Interest expense		
Parent entity - CSC	\$ 1,016	\$ 377
Fellow subsidiaries	<u>3</u>	<u>2</u>
	<u>\$ 1,019</u>	<u>\$ 379</u>
Lease expense		
Parent entity - CSC	\$ 1,831	\$ 938
Fellow subsidiaries	26	146
Other related parties	<u>637</u>	<u>620</u>
	<u>\$ 2,494</u>	<u>\$ 1,704</u>

m. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits (including salaries, remuneration and bonus)	\$ 35,150	\$ 36,448
Post-employment benefits	<u>1,656</u>	<u>258</u>
	<u>\$ 36,806</u>	<u>\$ 36,706</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for performance guarantees, bank overdrafts and bank borrowing as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Pledged time deposits (under other financial assets)	\$ 12,311	\$ 10,829
Property, plant and equipment		
Land	40,172	40,172
Buildings	230,883	248,693
Equipment	454,654	495,331
Right-of-use assets	<u>136,313</u>	<u>145,824</u>
Land	<u>\$ 874,333</u>	<u>\$ 940,849</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies of the Corporation as of December 31, 2023 were as follows:

- a. Unused letters of credit for importation of materials amounted to NT\$316,881 thousand.
- b. The Corporation provided performance bond of NT\$51,240 thousand guaranteed by financial institutions (Note 15(c))
- c. To expand the production line, the Corporation entered into the construction contracts amounted to NT\$138,720 thousand, which have not been recorded yet.

32. Others

The Corporation received an official letter from the Environmental Protection Bureau of Kaohsiung City Government (the "Environmental Bureau") in 2018, which stated that the Corporation shall be liable jointly and severally with other obligors for the cleanup of the Basic Oxygen Furnace Slag aggregates used in Chien Fa's landfill located in Qishan District of Dalin Section. In this regard, the Corporation filed an administrative litigation, which was dismissed by the Supreme Administrative Court. The Corporation initiated a rehearing of the case, of which theory of case "Where the application of law is manifestly erroneous" which was dismissed by the Supreme Administrative Court. In addition, Supreme Administrative Court ruled that theory of case "Where a party discovers a piece of evidence which has not been considered, or which becomes available" and "Where the original judgement failed to take into consideration important evidence which will affect the judgment." which are currently transferred and under trial by the Kaohsiung High Administrative Court. In October 2020, the Corporation received another letter from the Environmental Bureau requesting the Corporation and other joint obligors to submit a cleanup plan for the abovementioned land located in Qishan District of Dalin Section for review. If the cleanup plan was not submitted within the specified period, the Environmental Bureau would issue an order requiring the Corporation and the other obligors to pay the fees resulting from fulfilling the cleanup obligation in accordance with the Administrative Execution Act. In this regard, the Corporation submitted a cleanup plan and declared itself of reserving all rights and filed an administrative litigation, which was dismissed by the Kaohsiung High Administrative Court. The Corporation filed an appeal, which is currently under trial by the Supreme Administrative Court.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation and its subsidiaries' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Corporation and its subsidiaries and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
<u>December 31, 2023</u>			
Monetary financial assets			
USD	\$ 501	30.705	\$ 15,380
CNY	3,944	4.327	17,064
JPY	19,700	0.2172	4,279
Non-monetary financial assets			
Investments accounted for using the equity method			
VND	527,779,116	0.001245	657,085
Monetary financial liabilities			
USD	194	30.705	5,691
<u>December 31, 2022</u>			
Monetary financial assets			
USD	1,137	30.71	34,926
CNY	3,928	4.408	17,315
JPY	203,942	0.2324	47,396
Non-monetary financial assets			
Investments accounted for using the equity method			
VND	507,186,770	0.001285	651,735
Monetary financial liabilities			
USD	296	30.71	9,090

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were gains of NT\$1,370 thousand and NT\$2,458 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

34. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions
 - 1) Financing provided to others: None
 - 2) Endorsements/guarantees provided: None

- 3) Marketable securities held : Table 1
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 2
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: Table 5
- b. Information on investees: Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of the investees, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 7
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Corporation and its subsidiaries were as follows:

- Blast-Furnace Slag Cement Division - production and marketing of Blast-Furnace Slag Cement products from the Corporation and CHC Resources Vietnam Co., Ltd.
- Resource Reutilization Division - disposal of waste, reutilization of resources and remediation, etc.
- Others - Union Steel Development Corporation (manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch), Pao Good Industrial Co., Ltd. (sales of fly ash, manufacture and sale of dry-mix mortar, trading), Yu Cheng Lime Corporation (real estate lease and management of raw materials), and Mao Lian Enterprise Co., Ltd. (real estate lease and it was merged into the Corporation in December, 2021).

a. Segment revenue and results

The details of the Corporation and its subsidiaries' reporting segments were as follows:

	Blast-Furnace Slag Cement Division	Resource Reutilization Division	Others	Total
For the year ended December 31, 2023				
Revenue from external customers	\$ 6,469,303	\$ 5,537,242	\$ 388,357	\$ 12,394,902
Inter segment revenue	<u>259,018</u>	<u>20,474</u>	<u>338,661</u>	<u>618,153</u>
Segment revenue	<u>\$ 6,728,321</u>	<u>\$ 5,557,716</u>	<u>\$ 727,018</u>	13,013,055
Eliminations				<u>(618,153)</u>
Consolidated revenue				<u>\$ 12,394,902</u>
Segment income	<u>\$ 1,392,936</u>	<u>\$ 51,241</u>	<u>\$ 111,993</u>	\$ 1,556,170
Operating expense				(481,898)
Share of profit of associates accounted for using the equity method				14,335
Other non-operating gains and losses				<u>(29,062)</u>
Profit before income tax				<u>\$ 1,059,545</u>
For the year ended December 31, 2022				
Revenue from external customers	\$ 5,751,646	\$ 5,284,548	\$ 346,435	\$ 11,382,629
Inter segment revenue	<u>77,197</u>	<u>64,573</u>	<u>355,162</u>	<u>496,932</u>
Segment revenue	<u>\$ 5,828,843</u>	<u>\$ 5,349,121</u>	<u>\$ 701,597</u>	11,879,561
Eliminations				<u>(496,932)</u>
Consolidated revenue				<u>\$ 11,382,629</u>

(Continued)

	Blast-Furnace Slag Cement Division	Resource Reutilization Division	Others	Total
Segment income	<u>\$ 1,103,674</u>	<u>\$ 166,773</u>	<u>\$ 100,693</u>	\$ 1,371,140
Operating expense				(464,458)
Share of profit of associates accounted for using the equity method				23,914
Other non-operating gains and losses				<u>4,677</u>
Profit before income tax				<u>\$ 935,273</u> (Concluded)

Segment income represented the profit before tax earned by each segment without administration costs and directors' salaries, share of profit of associates, rental revenue, interest income, gains or losses on disposal of property, plant and equipment, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products and services

Revenue from major products and services of the Corporation and its subsidiaries was as follows:

	For the Year Ended December 31	
	2023	2022
GGBFS	\$ 4,811,234	\$ 3,884,841
Fly Ash GGBFS	71,197	82,144
Blast-Furnace Slag Cement	366,391	318,880
Special-Purpose Materials	572,249	651,244
Resource reutilization processing business	5,051,579	4,559,744
Resource reutilization production business	472,178	724,312
Sales of goods	590,320	669,293
Construction contracts revenue	13,681	43,148
Others	<u>446,073</u>	<u>449,023</u>
	<u>\$ 12,394,902</u>	<u>\$ 11,382,629</u>

c. Geographical information

The Corporation and its subsidiaries operate in Taiwan.

The Corporation and its subsidiaries' information on its non-current assets by geographical location were as follows:

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 11,400,737	\$ 10,473,472	\$ 7,935,415	\$ 8,338,801
Others	<u>994,165</u>	<u>909,157</u>	<u>898,475</u>	<u>961,947</u>
	<u>\$ 12,394,902</u>	<u>\$ 11,382,629</u>	<u>\$ 8,833,890</u>	<u>\$ 9,300,748</u>

Noncurrent assets excluded those classified as financial instruments, investment accounted for using the equity method, deferred tax assets and net defined benefit assets.

d. Information on major customers

Revenue from individual customer that exceeded 10% of the Corporation and its subsidiaries' total revenue for the years ended December 31, 2023 and 2022 was earned by Blast-Furnace Slag Cement Division and Resource Reutilization Division. Main clients were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
CSC	\$ 3,150,047	\$ 2,731,800
DSC	<u>1,453,824</u>	<u>1,422,211</u>
	<u>\$ 4,603,871</u>	<u>\$ 4,154,011</u>

CHC RESOURCES CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities		Relationship with The Holding Company	Financial Statement Account	DECEMBER 31, 2023				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
CHC Resources Corporation	Ordinary shares	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	10,401,806	\$ 280,849	-	\$ 280,849	
CHC Resources Corporation	Ordinary shares	Feng Sheng Enterprise Corporation	No relationship	Financial assets at fair value through other comprehensive income - noncurrent	932,053	16,501	2	16,501	
Union Steel Development Corporation	Ordinary shares	China Steel Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - current	423,849	11,444	-	11,444	
Union Steel Development Corporation	Ordinary shares	Shanghai Bao Shun Steel Corporation	The holding company as its director	Financial assets at fair value through other comprehensive income - noncurrent	Certificate of rights	17,063	19	17,063	

TABLE 2**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain on Disposal	Shares	Amount
CHC Resources Corporation	Mutual funds Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	Not related party	None	-	\$ -	28,953,967	\$ 400,000	28,953,967	\$ 400,249	\$ 400,000	\$ 249	-	\$ -

TABLE 3

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total
CHC Resources Corporation	Taiwan Cement Corporation	Director of the Corporation	Sales	\$ (823,983)	(7)	Open account 60 days	Note 1	Note 1	\$ 283,136	24	
CHC Resources Corporation	Ya Tung Ready Mixed Concrete Co., Ltd.	Subsidiary of director of the Corporation	Sales	(520,221)	(5)	Open account 60 days	Note 1	Note 1	81,864	7	
CHC Resources Corporation	Universal Cement Corporation	Director of the Corporation	Sales	(263,138)	(2)	Open account 60 days	Note 1	Note 1	24,246	2	
CHC Resources Corporation	China Steel Corporation	Parent company	Sales	(119,342)	(1)	Open account next month	Note 1	Note 1	171,245	14	
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(2,950,823)	(27)	Open account next month	Note 1	Note 1	171,245	14	
CHC Resources Corporation	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(1,400,136)	(13)	Open account 30-70 days	Note 1	Note 1	150,464	13	
CHC Resources Corporation	China Steel Resources Corporation	Fellow subsidiary	Service revenue	(642,849)	(6)	According to the contract	Note 1	Note 1	61,542	5	
CHC Resources Corporation	Taiwan Cement Corporation	Director of the Corporation	Service revenue	(135,166)	(1)	Open account 60 days	Note 1	Note 1	283,136	24	
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	728,324	21	Letter of credit	Note 1	Note 1	(12,225)	(5)	
CHC Resources Corporation	Chung Hung Steel Corporation	Fellow subsidiary	Purchases	378,118	11	Letter of credit	Note 1	Note 1	(36,530)	(15)	
CHC Resources Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	331,464	10	Letter of credit	Note 1	Note 1	(4,032)	(2)	
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Subsidiary	Purchases	237,920	7	Prepaid before shipping	Note 1	Note 1	-	-	Note 2
CHC Resources Corporation	Asia Cement Corporation	Director of the Corporation	Purchases	142,685	4	Net 45 days from B/L	Note 1	Note 1	(14,498)	(6)	
CHC Resources Corporation	China Steel Express Corporation	Fellow subsidiary	Purchases	124,622	4	Prepaid before shipping	Note 1	Note 1	(320)	-	
Union Steel Development Corporation	CHC Resources Corporation	Parent company	Service revenue	(317,184)	(65)	According to the contract	Note 1	Note 1	40,469	73	Note 2
CHC Resources Vietnam Co., Ltd.	CHC Resources Corporation	Parent company	Sales	(237,920)	(20)	Prepaid before shipping	Note 1	Note 1	-	-	Note 2
CHC Resources Vietnam Co., Ltd.	Formosa Ha Tinh Steel Corporation	Other related party	Service revenue	(194,557)	(16)	10 days from invoice date	Note 1	Note 1	42,894	37	
CHC Resources Vietnam Co., Ltd.	Formosa Ha Tinh Steel Corporation	Other related party	Purchases	497,873	100	Prepaid before shipping	Note 1	Note 1	-	-	

Note 1: Refer to Note 29.

Note 2: The above transactions have been eliminated during the preparation of the consolidated financial statements.

TABLE 4**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
CHC Resources Corporation	Taiwan Cement Corporation	Director of the Corporation	\$ 283,136	4	\$ 90,333	-	\$ 90,340	\$ -
	China Steel Corporation	Parent company	171,245	30	-	-	171,245	-
	Dragon Steel Corporation	Fellow subsidiary	150,464	11	-	-	143,293	-

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenue or Assets
				Financial Statement Accounts	Amount	Payment Terms	
1	Union Steel Development Corporation	CHC Resources Corporation	Subsidiary to parent Company	Service revenue	\$ 317,184	According to the contract	3
2	CHC Resources Vietnam Co., Ltd	CHC Resources Corporation	Subsidiary to parent Company	Sales	237,920	Prepaid before shipping	2

TABLE 6**CHC RESOURCES CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd	Vietnam	Manufacture and sale of Ground-Granulated Blast-Furnace Slag, Sales of Granulated Blast-Furnace Slag	\$ 647,338	\$ 647,338	-	85	\$ 657,085	\$ 31,203	\$ 26,523	Subsidiary (Note 1)
CHC Resources Corporation	Yu Cheng Lime Corporation	Republic of China	Real estate lease, management of raw materials	126,010	126,010	108,000	90	139,361	646	641	Subsidiary (Note 1)
CHC Resources Corporation	Union Steel Development Corporation	Republic of China	Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch	53,345	53,345	4,668,333	93.37	110,397	42,570	39,788	Subsidiary (Note 1)
CHC Resources Corporation	Pao Good Industrial Co., Ltd.	Republic of China	Sales of fly ash, manufacture and sales of dry-mix mortar, trading	50,937	50,937	5,408,550	51	92,900	22,322	11,384	Subsidiary (Note 1)
CHC Resources Corporation	Hsin Hsin Cement Enterprise Corporation	Republic of China	Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing	73,269	73,269	9,298,583	9.99	120,204	77,350	6,152	Subsidiary (Note 1)
CHC Resources Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	30,000	3,000,000	2.5	33,688	42,059	1,051	Note 2
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	25,972	2,947	1,032	
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	24,416	4,597	1,839	
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	22,396	3,426	1,370	
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	30,000	30,000	3,000,000	1.66	20,710	(7,398)	(62)	
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	19,906	4,497	1,349	
CHC Resources Corporation	Jiing-Cheng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	19,838	2,904	1,162	
CHC Resources Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	10,970	10,970	494,440	1.79	12,049	43,929	787	
CHC Resources Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	-	8,254	-	-	-	(58,958)	(345)	

Note1: Amount was eliminated in the consolidated financial statements.

Note2: The share of profit included amortization of the difference between equity and carrying amounts of the investment.

TABLE 7**CHC RESOURCES CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	\$ 1,504,545	Note 2	\$ 9,212	\$ -	\$ 4,679	\$ 4,533	\$ 48,224	-	\$ -	\$ -	\$ 666	Note 3

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4)
CHC Resources Corporation	\$ 9,212	\$ 9,212	\$ 3,635,093

Note 1: The amounts were calculated based on the foreign exchange rate of 30.705 as of December 31, 2023.

Note 2: Investments in mainland China through a holding of United Steel International Development Corporation registered in a third region in July 2023. United Steel International Development Corporation has acquired the deregistration certificate issued by local authorities for deregistration of Ningbo Huayang Aluminium-Tech Co., Ltd.

Note 3: From the financial statements audited and attested by R.O.C. parent company's CPA.

Note 4: In accordance with the "Principle of investment or Technical Cooperation in Mainland China" on August 29, 2008, the Corporation's investments shall not exceed 60% of their net worth.

TABLE 8**CHC RESOURCES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
China Steel Corporation	49,289,597	19.83
Taiwan Cement Corporation	30,196,163	12.14
China Steel Structure Corporation	23,182,738	9.32
Asia Cement Corporation	22,801,185	9.17
Universal Cement Corporation	17,020,254	6.84
China Steel Chemical Corporation	15,019,341	6.04
Southeast Cement Corporation	13,083,801	5.26

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Corporation's ordinary shares (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the consolidated financial statements may differ from the Corporation's actual number of shares that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the shares are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's shares pursuant to the securities and exchange laws and regulations, the number of shares owned includes those held in trust where the shareholders have the power to decide how to utilize the trust property. Refer to the Market Observation Post System website for information on insiders' shareholding filings.

TABLE 9

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

For the year ended December 31, 2023

	Land	Land Improvement	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
<u>Cost</u>										
Balance at January 1, 2023	\$ 2,352,346	\$ 208,183	\$ 2,826,086	\$ 6,127,732	\$ 18,715	\$ 69,800	\$ 1,137,625	\$ 360	\$ 61,631	\$ 12,802,478
Additions	-	14,643	19,690	218,203	-	4,599	897	-	2,638	260,670
Disposals	-	(2,166)	(2,756)	(12,261)	-	(846)	(1,057)	-	-	(19,086)
Reclassification	(1,216,078)	(168)	(27,163)	(1,825)	-	(4,716)	-	-	-	(1,249,950)
Effect of foreign currency exchange differences	-	(2,351)	(8,074)	(18,043)	(58)	(174)	3	-	-	(28,697)
Balance at December 31, 2023	<u>\$ 1,136,268</u>	<u>\$ 218,141</u>	<u>\$ 2,807,783</u>	<u>\$ 6,313,806</u>	<u>\$ 18,657</u>	<u>\$ 68,663</u>	<u>\$ 1,137,468</u>	<u>\$ 360</u>	<u>\$ 64,269</u>	<u>\$ 11,765,415</u>
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2023	\$ 6,370	\$ 124,293	\$ 1,111,932	\$ 4,615,916	\$ 16,671	\$ 35,882	\$ 507,390	\$ 360	\$ -	\$ 6,418,814
Depreciation expense	-	19,196	95,141	284,536	927	10,100	140,578	-	-	550,478
Disposals	-	(1,914)	(2,718)	(12,261)	-	(846)	(1,057)	-	-	(18,796)
Reclassification	-	(168)	(20,550)	(1,192)	-	(3,449)	-	-	-	(25,359)
Impairment loss	-	-	-	2,005	-	-	-	-	-	2,005
Effect of foreign currency exchange differences	-	(1,345)	(733)	(2,121)	(44)	(100)	3	-	-	(4,340)
Balance at December 31, 2023	<u>\$ 6,370</u>	<u>\$ 140,062</u>	<u>\$ 1,183,072</u>	<u>\$ 4,886,883</u>	<u>\$ 17,554</u>	<u>\$ 41,587</u>	<u>\$ 646,914</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 6,922,802</u>
Carrying amount at December 31, 2023	<u>\$ 1,129,898</u>	<u>\$ 78,079</u>	<u>\$ 1,624,711</u>	<u>\$ 1,426,923</u>	<u>\$ 1,103</u>	<u>\$ 27,076</u>	<u>\$ 490,554</u>	<u>\$ -</u>	<u>\$ 64,269</u>	<u>\$ 4,842,613</u>

For the year ended December 31, 2022

	Land	Land Improvement	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
<u>Cost</u>										
Balance at January 1, 2022	\$ 3,443,797	\$ 166,625	\$ 2,405,399	\$ 5,454,904	\$ 18,517	\$ 45,959	\$ 1,131,705	\$ 360	\$ 894,434	\$ 13,561,700
Additions	-	18,441	458,921	683,224	68	24,321	5,846	-	(863,890)	326,931
Disposals	-	-	(1,350)	(24,847)	-	(1,172)	-	-	-	(27,369)
Reclassification	(1,091,451)	18,541	(43,243)	-	-	-	-	-	(113)	(1,116,266)
Effect of foreign currency exchange differences	-	4,576	6,359	14,451	130	692	74	-	31,200	57,482
Balance at December 31, 2022	<u>\$ 2,352,346</u>	<u>\$ 208,183</u>	<u>\$ 2,826,086</u>	<u>\$ 6,127,732</u>	<u>\$ 18,715</u>	<u>\$ 69,800</u>	<u>\$ 1,137,625</u>	<u>\$ 360</u>	<u>\$ 61,631</u>	<u>\$ 12,802,478</u>

(Continued)

	Land	Land Improvement	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2022	\$ 6,370	\$ 110,265	\$ 1,031,246	\$ 4,349,906	\$ 15,214	\$ 29,507	\$ 363,554	\$ 360	\$ -	\$ 5,906,422
Depreciation expense	-	14,380	88,029	284,647	1,384	7,304	143,762	-	-	539,506
Disposals	-	-	(833)	(19,949)	-	(1,172)	-	-	-	(21,954)
Reclassification	-	(2,615)	(6,685)	-	-	-	-	-	-	(9,300)
Effect of foreign currency exchange differences	-	<u>2,263</u>	<u>175</u>	<u>1,312</u>	<u>73</u>	<u>243</u>	<u>74</u>	-	-	<u>4,140</u>
Balance at December 31, 2022	<u>\$ 6,370</u>	<u>\$ 124,293</u>	<u>\$ 1,111,932</u>	<u>\$ 4,615,916</u>	<u>\$ 16,671</u>	<u>\$ 35,882</u>	<u>\$ 507,390</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 6,418,814</u>
Carrying amount at December 31, 2022	<u>\$ 2,345,976</u>	<u>\$ 83,890</u>	<u>\$ 1,714,154</u>	<u>\$ 1,511,816</u>	<u>\$ 2,044</u>	<u>\$ 33,918</u>	<u>\$ 630,235</u>	<u>\$ -</u>	<u>\$ 61,631</u>	<u>\$ 6,383,664</u> (Concluded)