

**CHC Resources Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

CHC Resources Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of CHC Resources Corporation (the "Corporation") and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 3, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 461,125	4	\$ 302,321	2	\$ 291,382	3
Financial assets at fair value through other comprehensive income - current (Notes 7 and 28)	258,733	2	292,293	2	297,433	2
Financial assets for hedging - current (Note 28)	-	-	4,279	-	43,565	-
Contract assets - current (Notes 23 and 29)	1,705	-	1,682	-	469	-
Notes receivable (Note 8)	269,809	2	270,597	2	262,485	2
Accounts receivable (Note 8)	234,563	2	227,045	2	170,766	2
Accounts receivable - related parties (Notes 8 and 29)	671,309	6	851,298	8	901,092	7
Other receivables	2,962	-	22,572	-	1,492	-
Other receivables - related parties (Note 29)	38,872	-	20,845	-	52,598	-
Current tax assets	47	-	71	-	72	-
Inventories (Note 9)	353,549	3	440,505	4	372,321	3
Prepayments (Notes 10 and 29)	120,807	1	120,863	1	178,913	2
Other financial assets - current (Notes 11 and 30)	99,532	1	102,631	1	78,910	1
Refundable deposits - current (Note 15)	30,837	-	35,635	-	33,863	-
Costs to fulfil a contract (Note 23)	7,579	-	12,066	-	24,379	-
Other current assets	25,582	-	47,526	-	39,449	-
Total current assets	2,577,011	21	2,752,229	22	2,749,189	22
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Notes 7 and 28)	35,415	-	33,564	-	33,964	-
Investments accounted for using the equity method (Note 13)	295,527	2	299,179	2	317,127	3
Property, plant and equipment (Notes 14 and 30)	4,749,365	40	4,842,613	40	6,292,309	49
Right-of-use assets (Notes 15, 29 and 30)	1,570,216	14	1,652,561	13	1,731,914	14
Investment properties (Note 16)	2,328,026	20	2,328,773	20	1,107,593	9
Intangible assets (Note 17)	7,551	-	7,980	-	6,740	-
Deferred tax assets	107,109	1	105,330	1	89,925	1
Prepayments for equipment	719	-	476	-	4,724	-
Refundable deposits - noncurrent (Note 15)	237,676	2	240,188	2	248,307	2
Other financial assets - noncurrent (Notes 11 and 30)	4,005	-	4,005	-	3,355	-
Other noncurrent assets	4,222	-	4,438	-	2,949	-
Total noncurrent assets	9,339,831	79	9,519,107	78	9,838,907	78
TOTAL	\$ 11,916,842	100	\$ 12,271,336	100	\$ 12,588,096	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 360,200	3	\$ 593,895	5	\$ 377,877	3
Contract liabilities - current (Notes 23 and 29)	67,640	1	56,801	-	99,282	1
Notes payable	13,267	-	16,208	-	19,065	-
Accounts payable	119,436	1	145,610	1	91,065	1
Accounts payable - related parties (Note 29)	97,123	1	101,638	1	101,155	1
Payables on equipment	13,798	-	47,571	-	2,264	-
Other payables (Note 19)	940,446	8	983,531	9	884,125	6
Other payables - related parties (Notes 19 and 29)	99,123	1	79,597	1	138,184	1
Current tax liabilities	288,347	2	216,082	2	234,305	2
Lease liabilities - current (Notes 15 and 29)	341,397	3	356,934	3	348,297	3
Guarantee deposits received - current	60,393	1	55,034	-	64,580	1
Current portion of long-term borrowings (Notes 18 and 30)	143,695	1	142,670	1	223,041	2
Other current liabilities	11,878	-	6,277	-	12,044	-
Total current liabilities	2,556,743	22	2,801,848	23	2,595,284	21
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 30)	1,194,586	10	1,491,510	13	2,040,333	16
Provisions - noncurrent (Note 20)	304,602	3	306,146	2	199,372	2
Deferred tax liabilities	131,903	1	129,412	1	123,520	1
Lease liabilities - noncurrent (Notes 15 and 29)	1,119,498	9	1,201,508	10	1,261,845	10
Net defined benefit liabilities	47,026	-	49,409	-	51,195	-
Guarantee deposits received - noncurrent	6,562	-	6,400	-	364	-
Total noncurrent liabilities	2,804,177	23	3,184,385	26	3,676,629	29
Total liabilities	5,360,920	45	5,986,233	49	6,271,913	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (NOTE 22)						
Ordinary shares	2,485,404	21	2,485,404	20	2,485,404	20
Capital surplus	162,024	1	162,024	1	162,024	1
Retained earnings						
Legal reserve	1,574,514	13	1,574,514	13	1,496,349	12
Unappropriated earnings	2,148,479	18	1,854,078	15	1,905,499	15
Total retained earnings	3,722,993	31	3,428,592	28	3,401,848	27
Other equity	(46,942)	-	(17,532)	-	46,739	-
Total equity attributable to owners of the Corporation	6,323,479	53	6,058,488	49	6,096,015	48
NON-CONTROLLING INTERESTS (Note 22)	232,443	2	226,615	2	220,168	2
Total equity	6,555,922	55	6,285,103	51	6,316,183	50
TOTAL	\$ 11,916,842	100	\$ 12,271,336	100	\$ 12,588,096	100

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

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)				
Sales	\$ 1,831,791	62	\$ 1,644,006	54
Construction revenue	5,006	-	2,205	-
Service revenue	<u>1,101,740</u>	<u>38</u>	<u>1,388,150</u>	<u>46</u>
Total operating revenue	<u>2,938,537</u>	<u>100</u>	<u>3,034,361</u>	<u>100</u>
OPERATING COSTS (Notes 9, 24 and 29)				
Cost of goods sold	1,405,339	48	1,318,727	43
Construction costs	4,768	-	2,100	-
Service costs	<u>1,031,808</u>	<u>35</u>	<u>1,357,192</u>	<u>45</u>
Total operating costs	<u>2,441,915</u>	<u>83</u>	<u>2,678,019</u>	<u>88</u>
GROSS PROFIT	<u>496,622</u>	<u>17</u>	<u>356,342</u>	<u>12</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	53,368	2	46,131	2
General and administrative expenses	65,054	2	66,226	2
Research and development expenses	<u>6,976</u>	<u>-</u>	<u>5,203</u>	<u>-</u>
Total operating expenses	<u>125,398</u>	<u>4</u>	<u>117,560</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>371,224</u>	<u>13</u>	<u>238,782</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	1,541	-	1,275	-
Other income	10,533	-	14,461	-
Other gains and losses	(309)	-	(334)	-
Finance costs	(16,324)	-	(23,065)	-
Share of profit of associates	<u>3,084</u>	<u>-</u>	<u>703</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,475)</u>	<u>-</u>	<u>(6,960)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	369,749	13	231,822	8
INCOME TAX EXPENSE (Notes 4 and 25)	<u>73,001</u>	<u>2</u>	<u>46,289</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>296,748</u>	<u>11</u>	<u>185,533</u>	<u>6</u>

(Continued)

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (31,709)	(1)	\$ 11,848	-
Gain (loss) on hedging instruments subject to basis adjustment	42	-	(565)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(6,692)	-	6,960	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	12,476	-	(5,975)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>(46)</u>	<u>-</u>	<u>73</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(25,929)</u>	<u>(1)</u>	<u>12,341</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 270,819</u>	<u>10</u>	<u>\$ 197,874</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 292,732	11	\$ 183,164	6
Non-controlling interests	<u>4,016</u>	<u>-</u>	<u>2,369</u>	<u>-</u>
	<u>\$ 296,748</u>	<u>11</u>	<u>\$ 185,533</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 264,991	10	\$ 196,367	6
Non-controlling interests	<u>5,828</u>	<u>-</u>	<u>1,507</u>	<u>-</u>
	<u>\$ 270,819</u>	<u>10</u>	<u>\$ 197,874</u>	<u>6</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.18</u>		<u>\$ 0.74</u>	
Diluted	<u>\$ 1.18</u>		<u>\$ 0.74</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 (In Thousands of New Taiwan Dollars)

	Total Equity Attributable to Owners of the Corporation										Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Retained Earnings		Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity			Total Equity Attributable to Owners of the Corporation		
				Unappropriated Earnings	Total		Unrealized Valuation Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total			
BALANCE AT JANUARY 1, 2024	\$ 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
Net profit for the three months ended March 31, 2024	-	-	-	292,732	292,732	-	-	-	-	292,732	4,016	296,748
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	10,558	(38,341)	42	(27,741)	(27,741)	1,812	(25,929)
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	292,732	292,732	10,558	(38,341)	42	(27,741)	264,991	5,828	270,819
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	1,669	1,669	-	(1,669)	-	(1,669)	-	-	-
BALANCE AT MARCH 31, 2024	\$ 2,485,404	\$ 162,024	\$ 1,574,514	\$ 2,148,479	\$ 3,722,993	\$ (25,905)	\$ (21,037)	\$ -	\$ (46,942)	\$ 6,323,479	\$ 232,443	\$ 6,555,922
BALANCE AT JANUARY 1, 2023	\$ 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
Net profit for the three months ended March 31, 2023	-	-	-	183,164	183,164	-	-	-	-	183,164	2,369	185,533
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	2	2	(5,006)	18,772	(565)	13,201	13,203	(862)	12,341
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	183,166	183,166	(5,006)	18,772	(565)	13,201	196,367	1,507	197,874
Disposal of investments in equity instruments at fair value through other comprehensive income (loss)	-	-	-	798	798	-	(798)	-	(798)	-	-	-
BALANCE AT MARCH 31, 2023	\$ 2,485,404	\$ 162,024	\$ 1,496,349	\$ 1,905,499	\$ 3,401,848	\$ (21,069)	\$ 66,341	\$ 1,467	\$ 46,739	\$ 6,096,015	\$ 220,168	\$ 6,316,183

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

CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 369,749	\$ 231,822
Adjustments for:		
Depreciation expense	222,332	231,392
Amortization expense	6,877	5,069
Net gain on financial assets at fair value through profit or loss	(35)	(194)
Finance costs	16,324	23,065
Interest income	(1,541)	(1,275)
Share of profit of associates	(3,084)	(703)
Gain on disposal of property, plant and equipment	(352)	-
Impairment loss on property, plant and equipment	28,811	-
Write-down (reversal) of inventories	(342)	(140)
Recognition of provisions	-	34,838
Others	(1)	(77)
Changes in operating assets and liabilities		
Contract assets - current	(23)	18,943
Notes receivable	788	(15,668)
Accounts receivable	(7,518)	7,583
Accounts receivable - related parties	179,989	(376,018)
Other receivables	18,993	9,745
Other receivables - related parties	(18,027)	(10,188)
Inventories	87,298	3,683
Prepayments	56	(21,177)
Other current assets	21,944	(388)
Other financial assets	3,099	14,526
Costs to fulfil a contract	4,487	(15,129)
Contract liabilities - current	10,839	61,085
Notes payable	(2,941)	(5,826)
Accounts payable	(26,174)	(50,815)
Accounts payable - related parties	(4,515)	(3,158)
Other payables	(42,422)	(95,877)
Other payables - related parties	19,526	42,329
Provisions	(1,544)	-
Other current liabilities	5,601	(1,164)
Net defined benefit liabilities	(2,383)	(5,020)
Net cash generated from operating activities	<u>885,811</u>	<u>81,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(50,000)	(300,000)
Proceeds from disposal of financial assets at fair value through profit or loss	50,035	300,194
Acquisition of financial assets for hedging	-	(6,528)
Proceeds of financial assets for hedging	4,321	-

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CHC RESOURCES CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Acquisition of property, plant and equipment	\$ (87,547)	\$ (68,125)
Proceeds from disposal of property, plant and equipment	352	-
Decrease in refundable deposits	7,310	2,103
Payment for intangible assets	(716)	-
Increase in other noncurrent assets	(5,508)	(3,842)
Interest received	<u>2,158</u>	<u>2,047</u>
Net cash used in investing activities	<u>(79,595)</u>	<u>(74,151)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,214,163	1,834,467
Repayments of short-term borrowings	(1,450,147)	(1,874,660)
Proceeds from short-term bills payable	5,000	200,000
Repayments of short-term bills payable	(5,000)	(200,000)
Proceeds from in long-term borrowings	1,850,000	900,000
Repayments of long-term borrowings	(2,150,000)	(670,000)
Refund of guarantee deposits received	5,521	-
Proceeds from guarantee deposits received	-	(710)
Repayments of principal portion of lease liabilities	(104,176)	(106,241)
Interest paid	<u>(17,294)</u>	<u>(22,516)</u>
Net cash generated from (used in) financing activities	<u>(651,933)</u>	<u>60,340</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>4,521</u>	<u>(1,755)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	158,804	65,697
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>302,321</u>	<u>225,685</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 461,125</u>	<u>\$ 291,382</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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (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 March 31, 2024, 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 May 3, 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 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 in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs 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 to IAS 21, the Corporation and its subsidiaries shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Corporation and its subsidiaries shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Corporation and its subsidiaries shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Corporation and its subsidiaries label items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Corporation and its subsidiaries as a whole, the Corporation and its subsidiaries shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, 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 IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value 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. 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 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;

- 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
- Liabilities for which the Corporation and its subsidiaries does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 229	\$ 228	\$ 145
Checking accounts and demand deposits	366,096	254,093	243,237
Cash equivalents (time deposits with original maturities of 3 months or less)	<u>94,800</u>	<u>48,000</u>	<u>48,000</u>
	<u>\$ 461,125</u>	<u>\$ 302,321</u>	<u>\$ 291,382</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic and foreign investments (investments in equity instruments)			
Listed shares	\$ 258,733	\$ 292,293	\$ 297,433
Unlisted shares	<u>35,415</u>	<u>33,564</u>	<u>33,964</u>
	<u>\$ 294,148</u>	<u>\$ 325,857</u>	<u>\$ 331,397</u>

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ 258,733	\$ 292,293	\$ 297,433
Noncurrent	<u>35,415</u>	<u>33,564</u>	<u>33,964</u>
	<u>\$ 294,148</u>	<u>\$ 325,857</u>	<u>\$ 331,397</u> (Concluded)

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.

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
At amortized cost			
Operating	<u>\$ 269,809</u>	<u>\$ 270,597</u>	<u>\$ 262,485</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost			
Gross carrying amount	\$ 905,872	\$ 1,078,343	\$ 1,071,858
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 905,872</u>	<u>\$ 1,078,343</u>	<u>\$ 1,071,858</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 attempt to recover the receivables due. The recovery of the receivables 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.

March 31, 2024

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$1,130,728	\$ 33,946	\$ 8,542	\$ 2,465	\$ -	\$1,175,681
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$1,130,728</u>	<u>\$ 33,946</u>	<u>\$ 8,542</u>	<u>\$ 2,465</u>	<u>\$ -</u>	<u>\$1,175,681</u>

December 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 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>	<u>-</u>
Amortized cost	<u>\$1,215,571</u>	<u>\$ 132,181</u>	<u>\$ 1,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,348,940</u>

March 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days	Total
Gross carrying amount	\$1,328,561	\$ 5,685	\$ 49	\$ 48	\$ -	\$1,334,343
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$1,328,561</u>	<u>\$ 5,685</u>	<u>\$ 49</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$1,334,343</u>

9. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 65,250	\$ 101,894	\$ 90,105
Supplies	183,479	184,613	180,828
Finished goods	94,015	113,526	87,583
Merchandise	4,432	4,022	13,805
Materials and supplies in transit	<u>6,373</u>	<u>36,450</u>	<u>-</u>
	<u>\$ 353,549</u>	<u>\$ 440,505</u>	<u>\$ 372,321</u>

The cost of inventories recognized as cost of goods sold for the three months March 31, 2024 and 2023 was NT\$1,405,339 thousand and NT\$1,318,727 thousand, respectively, which included reversal of loss on inventories of NT\$342 thousand and NT\$140 thousand, respectively. The reversal of loss on inventory was mainly due to the continuous consumption of inventory.

10. PREPAYMENT

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayment for purchases	\$ 100,112	\$ 85,256	\$ 58,995
Others	<u>20,695</u>	<u>35,607</u>	<u>119,918</u>
	<u>\$ 120,807</u>	<u>\$ 120,863</u>	<u>\$ 178,913</u>

11. OTHER FINANCIAL ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits with original maturities of more than 3 months	\$ 92,280	\$ 94,325	\$ 73,838
Pledged time deposits - performance bond (Note 30)	<u>11,257</u>	<u>12,311</u>	<u>8,427</u>
	<u>\$ 103,537</u>	<u>\$ 106,636</u>	<u>\$ 82,265</u>
Current	\$ 99,532	\$ 102,631	\$ 78,910
Noncurrent	<u>4,005</u>	<u>4,005</u>	<u>3,355</u>
	<u>\$ 103,537</u>	<u>\$ 106,636</u>	<u>\$ 82,265</u>

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Nature of Activities	Percentage of Ownership (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
CHC Resources Corporation	Union Steel Development Corporation	a.	93.37	93.37	93.37
CHC Resources Corporation	Pao Good Industrial Co., Ltd.	b.	51.00	51.00	51.00
CHC Resources Corporation	Yu Cheng Lime Corp.	c.	90.00	90.00	90.00
CHC Resources Corporation	CHC Resources Vietnam Co., Ltd.	d.	85.00	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

	March 31, 2024	December 31, 2023	March 31, 2023
Associates that are not individually material	<u>\$ 295,527</u>	<u>\$ 299,179</u>	<u>\$ 317,127</u>
		For the Three Months Ended March 31	
		2024	2023
The Corporation and its subsidiaries' share of:			
Net profit for the period		\$ 3,084	\$ 703
Other comprehensive income (loss)		<u>(6,738)</u>	<u>7,033</u>
Total comprehensive income (loss)		<u>\$ (3,654)</u>	<u>\$ 7,736</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.

For the three months ended March 31, 2024 and 2023, the share of profit and other comprehensive profit of associates accounted for using the equity method is partly recognized based on the financial statements of the same period that have not been reviewed by accountants. However, the management of the Corporation and its subsidiaries believe there is no material impact on the above-mentioned financial statements that have not been reviewed.

14. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 6 for the movements in property, plant and equipment for the three months ended March 31, 2024 and 2023.

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 replacement of plant's coal-fired equipment form natural gas equipment, the Corporation assessed the coal-fired equipment will not generate probable future economic benefits. The Corporation carried out a review of the carrying amount that exceeded the recoverable amount and recognized an

impairment loss of NT\$28,811 thousand for the three months ended March 31, 2024.

For the three months ended March 31, 2024 and 2023, 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 Three Months Ended March 31	
	2024	2023
Affect both cash and non-cash items from investing activities		
Increase in property, plant and equipment	\$ 53,838	\$ 52,717
Increase (decrease) in prepayments for equipment	243	(11,234)
Decrease in payables on equipment	33,773	26,938
Capitalized interest	<u>(307)</u>	<u>(296)</u>
Paid in cash	<u>\$ 87,547</u>	<u>\$ 68,125</u>

15. LEASE ARRANGEMENTS

a. Right-of-use assets

<u>Carrying amount</u>	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 1,250,446	\$ 1,319,658	\$ 1,413,477
Buildings	301,324	312,923	300,588
Machinery and equipment	-	118	-
Transportation equipment	<u>18,446</u>	<u>19,862</u>	<u>17,849</u>
	<u>\$ 1,570,216</u>	<u>\$ 1,652,561</u>	<u>\$ 1,731,914</u>
		For the Three Months Ended March 31	
		2024	2023
Additions to right-of-use assets		<u>\$ 434</u>	<u>\$ 41,634</u>
Depreciation charge for right-of-use assets			
Land		\$ 77,681	\$ 84,483
Buildings		11,600	6,725
Machinery and equipment		30	-
Transportation equipment		<u>1,849</u>	<u>1,798</u>
		<u>\$ 91,160</u>	<u>\$ 93,006</u>

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 three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	\$ 341,397	\$ 356,934	\$ 348,297
Noncurrent	<u>\$ 1,119,498</u>	<u>\$ 1,201,508</u>	<u>\$ 1,261,845</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Land	0.5889-1.9713	0.5889-1.9713	0.5889-1.7366
Buildings	0.6253-3.45	0.5889-3.45	0.5889-3.45
Machinery and equipment	-	1.7366	-
Transportation equipment	0.5889-1.7366	0.5889-1.7366	0.5889-1.7366

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 March 31, 2024, 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 March 31, 2024, the Corporation had paid performance bonds amounted to NT\$213,500 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

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases and low-value asset leases	<u>\$ 3,328</u>	<u>\$ 3,619</u>
Total cash outflow for leases	<u>\$ 113,963</u>	<u>\$ 115,757</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 three months ended March 31, 2024

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2024 and March 31, 2024	<u>\$ 2,308,845</u>	<u>\$ 51,865</u>	<u>\$ 2,360,710</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ 31,937	\$ 31,937
Depreciation expenses	<u>-</u>	<u>747</u>	<u>747</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 32,684</u>	<u>\$ 32,684</u>
Carrying amount at December 31, 2023	<u>\$ 2,308,845</u>	<u>\$ 19,928</u>	<u>\$ 2,328,773</u>
Carrying amount at March 31, 2024	<u>\$ 2,308,845</u>	<u>\$ 19,181</u>	<u>\$ 2,328,026</u>

For the three months ended March 31, 2023

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023 and March 31, 2023	<u>\$ 1,092,767</u>	<u>\$ 24,702</u>	<u>\$ 1,117,469</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 9,495	\$ 9,495
Depreciation expenses	<u>-</u>	<u>381</u>	<u>381</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 9,876</u>	<u>\$ 9,876</u>
Carrying amount at March 31, 2023	<u>\$ 1,092,767</u>	<u>\$ 14,826</u>	<u>\$ 1,107,593</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 29,014	\$ 29,014	\$ 14,988
Year 2	29,014	29,014	14,988
Year 3	29,014	29,014	14,988
Year 4	14,026	21,531	14,988
Year 5	-	7,034	-
Year 6 onwards	-	-	-

The Corporation and its subsidiaries had no significant addition, disposal and impairment on investment properties for the three months ended March 31, 2024 and 2023. Buildings are depreciated through 3 to 26 years on a straight-line basis.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the fair values of investment properties were NT\$2,483,935 thousand, NT\$2,483,935 thousand and NT\$1,194,332 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 three months ended March 31, 2024

	Computer Software
<u>Cost</u>	
Balance at January 1, 2024	\$ 15,780
Additions	716
Disposals	(785)
Effects of foreign currency exchange difference	<u>18</u>
Balance at March 31, 2024	<u>15,729</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	7,800
Amortization expenses	1,153
Disposals	(785)
Effects of foreign currency exchange difference	<u>10</u>
Balance at March 31, 2024	<u>8,178</u>
Carrying amount at December 31, 2023	<u>\$ 7,980</u>
Carrying amount at March 31, 2024	<u>\$ 7,551</u>

For the three months ended March 31, 2023

	Computer Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 11,241
Effects of foreign currency exchange difference	<u>(8)</u>
Balance at March 31, 2023	<u>11,233</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	3,569
Amortization expenses	926
Effects of foreign currency exchange difference	<u>(2)</u>
Balance at March 31, 2023	<u>4,493</u>
Carrying amount at March 31, 2023	<u>\$ 6,740</u>

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

18. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans - annual interest rates range were 1.595%-4.27%, 1.635%-3.8% and 1.68%-8.27% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively	\$ 335,806	\$ 545,429	\$ 349,470
Letters of credit - annual interest rates range were 1.8508%-1.875%, 1.71%-1.775% and 1.65% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively	<u>24,394</u>	<u>48,466</u>	<u>28,407</u>
	<u>\$ 360,200</u>	<u>\$ 593,895</u>	<u>\$ 377,877</u>

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans - due in January 2027, annual interest rates range were 1.61%-1.8256%, 1.6 %-1.8256% and 1.2268%-1.88% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively	\$ 1,078,833	\$ 1,378,834	\$ 1,936,500
Secured bank loans - due in July 2027, annual interest rates range were 3.7%-4.1%, 4.1%-4.43% and 8.34%-9.72% as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively	<u>259,448</u>	<u>255,346</u>	<u>326,874</u>
	1,338,281	1,634,180	2,263,374
Less: Current portion	<u>143,695</u>	<u>142,670</u>	<u>223,041</u>
	<u>\$ 1,194,586</u>	<u>\$ 1,491,510</u>	<u>\$ 2,040,333</u>

19. OTHER PAYABLES (INCLUDING RELATED PARTIES)

	March 31, 2024	December 31, 2023	March 31, 2023
Freight	\$ 252,828	\$ 244,884	\$ 271,815
Salaries and bonus	169,846	200,837	151,560
Outsourced salaries	166,704	147,274	124,689
			(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Compensation of employees and remuneration of directors and supervisors	\$ 60,867	\$ 46,537	\$ 52,333
Utility bill	38,691	39,487	33,138
Professional service payable	13,232	12,369	13,141
Taxes payable	10,669	9,132	12,625
Others	<u>326,732</u>	<u>362,608</u>	<u>363,008</u>
	<u>\$ 1,039,569</u>	<u>\$ 1,063,128</u>	<u>\$ 1,022,309</u> (Concluded)

The estimated expenses of cleanup plan stated in Note 32 were NT\$302,077 thousand, NT\$316,355 thousand and NT\$203,161 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. The amounts were recognized as other payables-others and provisions.

20. PROVISIONS - NONCURRENT

	March 31, 2024	December 31, 2023	March 31, 2023
Cost of resource reutilization	<u>\$ 304,602</u>	<u>\$ 306,146</u>	<u>\$ 199,372</u>
		For the Three Months Ended March 31	
		2024	2023
Balance, beginning of the period		\$ 306,146	\$ 164,534
Additions		-	34,838
Amount used		<u>(1,544)</u>	<u>-</u>
Balance, end of the period		<u>\$ 304,602</u>	<u>\$ 199,372</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

For the three months ended 2024 and 2023, the pension expense of defined benefit plans were NT\$1,322 thousand and NT\$2,643 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

22. EQUITY

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands of shares)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<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>	<u>248,540</u>
Shares issued	<u>\$ 2,485,404</u>	<u>\$ 2,485,404</u>	<u>\$ 2,485,404</u>

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

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset deficits, distribute as cash dividends, or transfer to share capital (Note)</u>			
Additional paid-in capital	\$ 4,419	\$ 4,419	\$ 4,419
Consolidation excess	157,497	157,497	157,497
Donations	<u>108</u>	<u>108</u>	<u>108</u>
	<u>\$ 162,024</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 dividend 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 2023 and 2022 had been approved in the board of directors meeting in February 2024 and shareholders' meeting in June 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 83,206	\$ 78,165
Special reserve	17,532	-
Cash dividends	745,621	621,351
Cash dividends per share (NT\$)	3	2.5

The appropriation 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 Three Months Ended March 31	
	2024	2023
Balance, beginning of the period	\$ (36,463)	\$ (16,063)
Recognized for the period		
Exchange differences on translating of the financial statements of foreign operations	10,604	(5,079)
Share from associates accounted for using the equity method	<u>(46)</u>	<u>73</u>
Balance, end of the period	<u>\$ (25,905)</u>	<u>\$ (21,069)</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance, beginning of the period	\$ 18,973	\$ 48,367
Recognized for the period		
Unrealized gain (loss) - equity instruments	(31,649)	11,814
Share from associates accounted for using the equity method	(6,692)	6,958
Cumulative unrealized losses of equity instruments transferred to retained earnings due to disposal	<u>(1,669)</u>	<u>(798)</u>
Balance, end of the period	<u>\$ (21,037)</u>	<u>\$ 66,341</u>

3) Gains (losses) on hedging instruments

Cash flow hedges

	For the Three Months Ended March 31	
	2024	2023
Balance, beginning of the period	\$ (42)	\$ 2,032
Recognized for the period		
Change in the fair value of hedging instrument - other comprehensive income		
Foreign currency risk - foreign deposits	<u>42</u>	<u>(565)</u>
Balance, end of the period	<u>\$ -</u>	<u>\$ 1,467</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2024	2023
Balance, beginning of the period	\$ 226,615	\$ 218,661
Share of profit for the period	4,016	2,369
Other comprehensive income (loss) for the period		
Exchange differences on translating of the financial statements of foreign operations	1,872	(896)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(60)</u>	<u>34</u>
Balance, end of the period	<u>\$ 232,443</u>	<u>\$ 220,168</u>

23. REVENUE

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable and accounts receivable (Note 8)	<u>\$ 1,175,681</u>	<u>\$ 1,348,940</u>	<u>\$ 1,334,343</u>
Contract assets - current			
Construction contracts	\$ 1,441	\$ 1,348	\$ -
Sales retention receivables	264	334	469
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,705</u>	<u>\$ 1,682</u>	<u>\$ 469</u>
Contract liabilities - current			
Sale received in advance	\$ 64,577	\$ 55,846	\$ 30,725
Services received in advance	2,586	478	65,863
Construction contracts	<u>477</u>	<u>477</u>	<u>2,694</u>
	<u>\$ 67,640</u>	<u>\$ 56,801</u>	<u>\$ 99,282</u>

b. Assets related to contract costs

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Cost to fulfil a contract			
Executing cost	<u>\$ 7,579</u>	<u>\$ 12,066</u>	<u>\$ 24,379</u>

c. Disaggregation of revenue

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

24. PROFIT BEFORE INCOME TAX

a. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income	\$ 7,521	\$ 9,211
Others	<u>3,012</u>	<u>5,250</u>
	<u>\$ 10,533</u>	<u>\$ 14,461</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Gain and disposal of property, plant and equipment	\$ 352	\$ -
Net gain on financial assets at fair value through profit or loss	35	194
Net foreign exchange gain	704	358
Others	<u>(1,400)</u>	<u>(886)</u>
	<u>\$ (309)</u>	<u>\$ (334)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on borrowings	\$ 10,172	\$ 17,464
Interest on lease liabilities	<u>6,459</u>	<u>5,897</u>
	16,631	23,361
Less: Amounts included in the cost of qualifying assets	<u>307</u>	<u>296</u>
	<u>\$ 16,324</u>	<u>\$ 23,065</u>

Information on capitalized interest was as follows:

	For the Three Months Ended March 31	
	2024	2023
Capitalized interest amounts	\$ 307	\$ 296
Capitalization rates (%)	1.661-1.673	1.507-1.576
 d. Depreciation and amortization		
	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 130,425	\$ 138,005
Right-of-use assets	91,160	93,006
Investment properties	747	381
Intangible assets	1,153	926
Other noncurrent assets	<u>5,724</u>	<u>4,143</u>
	<u>\$ 229,209</u>	<u>\$ 236,461</u>
 An analysis of depreciation by function		
Operating costs	\$ 210,697	\$ 220,140
Operating expenses	10,865	10,848
Others	<u>770</u>	<u>404</u>
	<u>\$ 222,332</u>	<u>\$ 231,392</u>
 An analysis of amortization by function		
Operating costs	\$ 5,742	\$ 4,129
Operating expenses	<u>1,135</u>	<u>940</u>
	<u>\$ 6,877</u>	<u>\$ 5,069</u>
 e. Employee benefits expense		
	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits		
Salaries	\$ 162,300	\$ 150,706
Labor and health insurance	13,169	12,592
Others	<u>7,710</u>	<u>7,052</u>
	<u>183,179</u>	<u>170,350</u>
Post-employment benefits		
Defined contribution plans	3,702	3,547
Defined benefit plans (Note 21)	<u>1,322</u>	<u>2,643</u>
	<u>5,024</u>	<u>6,190</u>
	<u>\$ 188,203</u>	<u>\$ 176,540</u>

(Continued)

	For the Three Months Ended March 31	
	2024	2023
Analysis of employee benefits expense by function		
Operating costs	\$ 119,197	\$ 109,132
Operating expenses	<u>69,006</u>	<u>67,408</u>
	<u>\$ 188,203</u>	<u>\$ 176,540</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 three months ended March 31, 2024 and 2023, are as follows:

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	\$ 11,619	\$ 7,905
Remuneration of directors	2,324	1,581

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 appropriations of compensation of employees and remuneration of directors in cash for 2023 and 2022 which have been approved by the Corporation's board of directors in February 2024 and 2023, respectively, were as follows:

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

The actual amounts of the compensation of employees and remuneration of directors paid for 2023 and 2022 differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022, as follows:

	For the Year Ended December 31			
	2023		2022	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	<u>\$ 36,941</u>	<u>\$ 7,388</u>	<u>\$ 33,862</u>	<u>\$ 6,772</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 36,941</u>	<u>\$ 7,388</u>	<u>\$ 33,861</u>	<u>\$ 6,772</u>

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

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 Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the period	\$ 72,289	\$ 51,554
Deferred tax	<u>712</u>	<u>(5,265)</u>
	<u>\$ 73,001</u>	<u>\$ 46,289</u>

b. Income tax assessments

The Corporation and its domestic subsidiaries' income tax returns through 2022, 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>Net profit for the period</u>	For the Three Months Ended March 31	
	2024	2023
Net profit attributable to owners of the Corporation	<u>\$ 292,732</u>	<u>\$ 183,164</u>
<u>Number of ordinary shares (in thousands of shares)</u>		
	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in computation of basic earnings per share	248,540	248,540
Effects of potential dilutive ordinary shares:		
Compensation of employees	<u>588</u>	<u>588</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>249,128</u>	<u>249,128</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 values.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2024</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 258,733	\$ -	\$ -	\$ 258,733
Domestic and foreign unlisted shares	<u>-</u>	<u>-</u>	<u>35,415</u>	<u>35,415</u>
	<u>\$ 258,733</u>	<u>\$ -</u>	<u>\$ 35,415</u>	<u>\$ 294,148</u>

<u>December 31, 2023</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 292,293	\$ -	\$ -	\$ 292,293

(Continued)

	Level 1	Level 2	Level 3	Total
Domestic and foreign unlisted shares	\$ _____ -	\$ _____ -	\$ 33,564	\$ 33,564
	<u>\$ 292,293</u>	<u>\$ _____ -</u>	<u>\$ 33,564</u>	<u>\$ 325,857</u>
<u>March 31, 2023</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 297,433	\$ -	\$ -	\$ 297,433
Domestic and foreign unlisted shares	_____ -	_____ -	33,964	33,964
	<u>\$ 297,433</u>	<u>\$ _____ -</u>	<u>\$ 33,964</u>	<u>\$ 331,397</u> (Concluded)

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2024 and 2023.

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

	For the Three Months Ended March 31	
	2024	2023
<u>Financial assets at fair value through other comprehensive income (equity instruments)</u>		
Balance, beginning of the period	\$ 33,564	\$ 32,702
Recognized in other comprehensive income	<u>1,851</u>	<u>1,262</u>
Balance, end of the period	<u>\$ 35,415</u>	<u>\$ 33,964</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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income - equity instruments	\$ 294,148	\$ 325,857	\$ 331,397
Financial assets for hedging	-	4,279	43,565
Financial assets at amortized cost 1)	2,050,690	2,077,137	2,044,250

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial liabilities</u>			
Financial liabilities at amortized cost 2)	\$ 3,047,928	\$ 3,663,010	\$ 3,947,180 (Concluded)

- 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 cash and cash equipments, accounts receivable, other receivables, financial assets for hedging, accounts payable and other payables. 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 three

months ended March 31, 2024 and 2023 would have increased/decreased by NT\$430 thousand and NT\$812 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial liabilities	\$ 1,460,895	\$ 1,558,442	\$ 1,610,142
Cash flow interest rate risk			
Financial assets	543,663	383,528	335,808
Financial liabilities	1,698,481	2,228,075	2,641,251

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 three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$4,246 thousand and NT\$6,603 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 three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$ 2,587 thousand and NT\$2,974 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:

	March 31, 2024	December 31, 2023	March 31, 2023
Cement industry	\$ 747,318	\$ 794,356	\$ 588,466
Steel industry	<u>249,498</u>	<u>379,365</u>	<u>580,448</u>
	<u>\$ 996,816</u>	<u>\$ 1,173,721</u>	<u>\$ 1,168,914</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.

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>March 31, 2024</u>			
Non-interest bearing liabilities	\$ 1,342,885	\$ 6,562	\$ 1,349,447
Variable interest rate instruments	514,237	1,233,687	1,747,924
Lease liabilities	<u>352,638</u>	<u>1,243,815</u>	<u>1,596,453</u>
	<u>\$ 2,209,760</u>	<u>\$ 2,484,064</u>	<u>\$ 4,693,824</u>

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

	Less Than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	<u>\$ 352,638</u>	<u>\$ 939,819</u>	<u>\$ 303,996</u>

	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 was 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>March 31, 2023</u>			
Non-interest bearing liabilities	\$ 1,305,565	\$ 364	\$ 1,305,929
Variable interest rate instruments	629,179	2,137,667	2,766,846
Lease liabilities	<u>362,530</u>	<u>1,399,277</u>	<u>1,761,807</u>
	<u>\$ 2,297,274</u>	<u>\$ 3,537,308</u>	<u>\$ 5,834,582</u>

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

	Less Than 1 Year	1-5 Years	Over 5 Years
Lease liabilities	<u>\$ 362,530</u>	<u>\$ 995,055</u>	<u>\$ 404,222</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

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank facilities			
Amount used	\$ 1,974,277	\$ 2,340,850	\$ 2,866,353
Amount unused	<u>7,160,901</u>	<u>6,678,054</u>	<u>6,772,847</u>
	<u>\$ 9,135,178</u>	<u>\$ 9,018,904</u>	<u>\$ 9,639,200</u>
Secured bank facilities			
Amount used	\$ 259,448	\$ 255,346	\$ 326,874
Amount unused	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	<u>\$ 279,448</u>	<u>\$ 275,346</u>	<u>\$ 346,874</u>

March 31, 2023

Hedging Instrument	Currency	Amount	Line Items on the Balance Sheet	Carrying Amount	
				Asset	Liability
Cash flow hedge hedging deposits	JPY	<u>\$ 190,405</u>	Financial assets for hedging	<u>\$ 43,565</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 for equipment			<u>\$ (565)</u>	<u>\$ 1,467</u>	<u>\$ -</u>

For the Three Months Ended March 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 hedge Hedged deposit	<u>\$ (565)</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

Related Party Name	Related Party Category
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

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
C.S.Aluminium Corporation	Fellow subsidiary
CSC Solar Corporation (CSC SOLAR)	Fellow subsidiary
Thintech Materials Technology Co., Ltd.	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
Universal Cement Concrete Corporation	Subsidiary of director of the Corporation
Ya Li Transportation Corporation (YL)	Subsidiary of director of the Corporation
Southeast Topgood Resources Recycling Co., Ltd.	Subsidiary of director of the Corporation
Formosa Ha Tinh Steel Corporation (FHSC)	Other related party

(Concluded)

b. Operating revenue

Account Items	Related Parties Category/Names	<u>For the Three Months Ended March 31</u>	
		2024	2023
Sales	Parent entity - CSC	\$ 39,616	\$ 55,431
	Fellow subsidiaries	10,939	16,636
	Directors and its subsidiaries		
	TCC	209,758	194,177
	Others	<u>223,537</u>	<u>206,124</u>
		<u>\$ 483,850</u>	<u>\$ 472,368</u>
Service revenue	Parent entity - CSC	\$ 523,037	\$ 814,998
	Fellow subsidiaries		
	DSC	298,522	305,762
	CSRC	157,923	152,833
	Others	568	9,061
	Directors and its subsidiaries	41,360	39,748
Other related parties	<u>45,625</u>	<u>41,859</u>	
		<u>\$ 1,067,035</u>	<u>\$ 1,364,261</u>
Construction contract revenue	Fellow subsidiaries - CSRC	<u>\$ 5,006</u>	<u>\$ 2,205</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 Parties Category/Names	For the Three Months Ended March 31	
	2024	2023
Parent entity - CSC	\$ 182,967	\$ 173,063
Fellow subsidiaries		
DSC	90,394	82,668
CHSC	89,738	98,111
Others	22,593	45,360
Directors and its subsidiaries	110,919	126,224
Others - FHSC	<u>112,352</u>	<u>112,735</u>
	<u>\$ 608,963</u>	<u>\$ 638,161</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 Parties Category/Names	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity - CSC	<u>\$ 137</u>	<u>\$ 137</u>	<u>\$ -</u>

For the three months ended March 31, 2024 and 2023, no impairment loss was recognized for contract assets from related parties.

e. Contract liabilities - current

Related Parties Category/Names	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity - CSC	\$ -	\$ -	\$ 64,725
Directors and subsidiaries	<u>654</u>	<u>-</u>	<u>172</u>
	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ 64,897</u>

f. Other material transactions with related parties

	For the Three Months Ended March 31	
	2024	2023
1) Operating lease Rental income Parent entity - CSC	\$ 7,248	\$ 8,987
2) Security expense Fellow subsidiary - CSSC	11,940	11,364
3) Outsourced manufacturing expense Subsidiary of director - NHCC	24,247	24,028
4) Charges for handling service and freight Fellow subsidiary CSEC	11,873	202,523
USECC	12,127	-
Subsidiary of director YL	58,652	62,478
TTSC	13,471	11,886
5) Other professional service expense Director ACC	34,163	29,273
TCC	1,941	2,986
6) Renewable energy expense Fellow subsidiary - CSC SOLAR	2,825	1,223

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

g. Accounts receivable - related parties

Related Parties Category/Names	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity - CSC	\$ 98,298	\$ 180,617	\$ 388,322
Fellow subsidiaries			
DSC	132,918	154,996	178,659
Others	55,467	64,119	54,908
Directors and its subsidiaries			
TCC	257,112	283,493	168,179
Others	109,740	125,179	97,944
Others related parties	<u>17,774</u>	<u>42,894</u>	<u>13,080</u>
	<u>\$ 671,309</u>	<u>\$ 851,298</u>	<u>\$ 901,092</u>

The outstanding receivables from related parties are unsecured. For the three months ended March 31, 2024 and 2023, no impairment losses were recognized for trade receivables from related parties.

h. Other receivables - related parties

Related Parties Category/Names	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity - CSC	\$ 38,078	\$ 20,495	\$ 48,775
Directors and its subsidiaries	-	3	-
Other related parties	<u>794</u>	<u>347</u>	<u>3,823</u>
	<u>\$ 38,872</u>	<u>\$ 20,845</u>	<u>\$ 52,598</u>

i. Accounts payable - related parties

Related Parties Category/Names	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity - CSC	\$ 10,047	\$ 12,225	\$ 3,879
Fellow subsidiaries			
CHSC	29,145	36,530	45,542
Others	8,994	4,388	2,394
Directors and its subsidiaries			
ACC	23,789	14,498	10,712
Others	<u>25,148</u>	<u>33,997</u>	<u>38,628</u>
	<u>\$ 97,123</u>	<u>\$ 101,638</u>	<u>\$ 101,155</u>

The outstanding accounts payable to related parties are unsecured.

j. Other payables - related parties

Related Parties Category/Names	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity - CSC	\$ 3,237	\$ 2,863	\$ 2,813
Fellow subsidiaries	32,346	5,910	87,466
Directors and its subsidiaries	62,813	70,451	46,677
Other related parties	<u>727</u>	<u>373</u>	<u>1,228</u>
	<u>\$ 99,123</u>	<u>\$ 79,597</u>	<u>\$ 138,184</u>

k. Prepayments

Related Parties Category/Names	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity - CSC	\$ 1,328	\$ 1,328	\$ -
Fellow subsidiaries	1,162	-	721
Directors and its subsidiaries	3,028	2	-
Other related parties	<u>10,921</u>	<u>8,492</u>	<u>4,638</u>
	<u>\$ 16,439</u>	<u>\$ 9,822</u>	<u>\$ 5,359</u>

l. Acquisition of property, plant and equipment

	For the Three Months Ended March 31	
	2024	2023
Related Party Category/Name		
Fellow subsidiaries	<u>\$ 258</u>	<u>\$ -</u>

m. Lease arrangements

	For the Three Months Ended March 31	
	2024	2023
Related Parties Category/Names		
Acquisition of right-of-use assets		
Parent entity - CSC	<u>\$ -</u>	<u>\$ 16,888</u>

Account Item	Related Parties Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Parent entity - CSC	\$ 44,742	\$ 53,282	\$ 60,876
	Fellow subsidiaries	<u>32</u>	<u>119</u>	<u>76</u>
		<u>\$ 44,774</u>	<u>\$ 53,401</u>	<u>\$ 60,952</u>

	For the Three Months Ended March 31	
	2024	2023
Related Parties Category/Names		
Interest expense		
Parent entity - CSC	<u>\$ 199</u>	<u>\$ 281</u>
Lease expense		
Parent entity - CSC	\$ 364	\$ 667
Fellow subsidiaries	6	16
Other related parties	<u>145</u>	<u>158</u>
	<u>\$ 515</u>	<u>\$ 841</u>

n. Remuneration of key management personnel

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

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits (including salaries, remuneration and bonus)	\$ 7,594	\$ 8,007
Post-employment benefits	<u>165</u>	<u>1,325</u>
	<u>\$ 7,759</u>	<u>\$ 9,332</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:

	March 31, 2024	December 31, 2023	March 31, 2023
Pledged time deposits (under other financial assets)	\$ 11,257	\$ 12,311	\$ 8,427
Property, plant and equipment			
Land	40,172	40,172	40,172
Buildings	231,995	230,883	244,180
Machinery and equipment	455,541	454,654	485,010
Right-of-use assets			
Land	<u>137,239</u>	<u>136,313</u>	<u>143,416</u>
	<u>\$ 876,204</u>	<u>\$ 874,333</u>	<u>\$ 921,205</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies of the Corporation and its subsidiaries as of March 31, 2024 were as follows:

- a. Unused letters of credit for importation of materials amounted to NT\$484,004 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\$132,720 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 Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
<u>March 31, 2024</u>			
Monetary financial assets			
USD	\$ 1,382	32.00	\$ 44,232
JPY	10,343	0.2115	2,188
Non-monetary financial assets			
Investments accounted for using the equity method			
VND	537,584,980	0.001265	680,045
Monetary financial liabilities			
USD	105	32.00	3,373
<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>March 31, 2023</u>			
Monetary financial assets			
USD	1,405	30.45	42,788
CNY	3,919	4.431	17,364
JPY	190,407	0.2288	43,565
Non-monetary financial assets			
Investments accounted for using the equity method			
VND	505,539,608	0.001275	644,563
Monetary financial liabilities			
USD	168	30.45	5,108

34. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions
 - 1) Financing provided to others: None
 - 2) Endorsements/guarantees provided: None
 - 3) Marketable securities held (excluding investments in subsidiaries and associates): 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: None
 - 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 2
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: None
- b. Information on investees: Table 4
- 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: None
 - 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 5

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 sale of refractory, trading, human dispatch), Pao Good Industrial Co., Ltd. (sales of fly ash, manufacture and sales of dry-mix mortar, trading) and Yu Cheng Lime Corporation (real estate lease and management of raw materials).

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 Three Months March 31, 2024				
Revenue from external customers	\$ 1,729,452	\$ 1,123,891	\$ 85,194	\$ 2,938,537
Inter segment revenue	<u>52,059</u>	<u>5,748</u>	<u>97,607</u>	155,414
Segment revenue	<u>\$ 1,781,511</u>	<u>\$ 1,129,639</u>	<u>\$ 182,801</u>	3,093,951
Eliminations				<u>(155,414)</u>
Consolidated revenue				<u>\$ 2,938,537</u>
Segment income	<u>\$ 403,099</u>	<u>\$ 68,966</u>	<u>\$ 24,557</u>	\$ 496,622
Operating expense				(125,398)
Share of profit of associates accounted for using the equity method				3,084
Other non-operating gains and losses				<u>(4,559)</u>
Profit before income tax				<u>\$ 369,749</u>

(Continued)

	Blast-Furnace Slag Cement Division	Resource Reutilization Division	Others	Total
For the Three Months March 31, 2023				
Revenue from external customers	\$ 1,528,160	\$ 1,414,010	\$ 92,191	\$ 3,034,361
Inter segment revenue	<u>57,875</u>	<u>6,795</u>	<u>79,308</u>	<u>143,978</u>
Segment revenue	<u>\$ 1,586,035</u>	<u>\$ 1,420,805</u>	<u>\$ 171,499</u>	3,178,339
Eliminations				<u>(143,978)</u>
Consolidated revenue				<u>\$ 3,034,361</u>
Segment income	<u>\$ 308,252</u>	<u>\$ 21,605</u>	<u>\$ 26,485</u>	\$ 356,342
Operating expense				(117,560)
Share of profit of associates accounted for using the equity method				703
Other non-operating gains and losses				<u>(7,663)</u>
Profit before income tax				<u>\$ 231,822</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 equipments, 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.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2024

(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	MARCH 31, 2024			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	<u>\$ 248,603</u>	-	<u>\$ 248,603</u>	
CHC Resources Corporation	Ordinary shares	Feng Sheng Enterprise Corporation	No relationship	Financial assets at fair value through other comprehensive income – noncurrent	932,053	<u>\$ 17,938</u>	2	<u>\$ 17,938</u>	
Union Steel Development Corporation	Ordinary shares	China Steel Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income – current	423,849	<u>\$ 10,130</u>	-	<u>\$ 10,130</u>	
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	<u>\$ 17,477</u>	19	<u>\$ 17,477</u>	

TABLE 2

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 THREE MONTHS ENDED MARCH 31, 2024
(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	
CHC Resources Corporation	Taiwan Cement Corporation	Director of the Corporation	Sales	\$ (209,705)	(8)	Open account 60 days	Note	Note	\$ 256,897	25
CHC Resources Corporation	Ya Tung Ready Mixed Concrete Corporation	Subsidiary of director of the Corporation	Sales	(137,480)	(5)	Open account 60 days	Note	Note	72,020	7
CHC Resources Corporation	China Steel Corporation	Parent company	Service revenue	(523,037)	(20)	Payment after final acceptance	Note	Note	94,866	9
CHC Resources Corporation	Dragon Steel Corporation	Fellow subsidiary	Service revenue	(298,522)	(11)	Payment after final acceptance	Note	Note	127,833	12
CHC Resources Corporation	China Steel Resources Corporation	Fellow subsidiary	Service revenue	(157,923)	(6)	Payment after final acceptance	Note	Note	55,228	5
CHC Resources Corporation	China Steel Corporation	Parent company	Purchases	182,967	24	Letter of credit	Note	Note	(10,047)	(5)
CHC Resources Vietnam Co., Ltd.	Formosa Ha Tinh Steel Corporation	Other related party	Purchases	112,352	100	Prepaid before shipping	Note	Note	-	-

Note: Refer to Note 30.

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024
(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	\$ 256,897	4	\$ 2,801	Received after period	\$ 103,699	\$ -
CHC Resources Corporation	Dragon Steel Corporation	Fellow subsidiary	127,833	9	-	-	2,368	-

TABLE 4

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	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	\$ 680,045	\$ 14,536	\$ 12,356	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	139,798	479	437	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	118,549	9,625	8,992	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	94,096	2,345	1,196	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	10	122,863	13,360	2,102	Subsidiary (Note 1)
CHC Resources Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	30,000	30,000	3,000,000	3	35,609	(3,238)	(81)	Note 2
CHC Resources Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	12,306	12,306	1,046,500	35	24,220	(4)	(2)	
CHC Resources Corporation	Ding Da Investment Corporation	Republic of China	General investment	12,516	12,516	1,196,000	40	22,659	450	180	
CHC Resources Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	9,600	9,600	960,000	40	20,663	473	189	
CHC Resources Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	30,000	30,000	3,000,000	2	20,579	(2,885)	248	
CHC Resources Corporation	Shin Mau Investment Corporation	Republic of China	General investment	10,316	10,316	897,000	30	18,608	674	202	
CHC Resources Corporation	Jiing-Cheng-Fa Investment Corporation	Republic of China	General investment	9,200	9,200	920,000	40	18,160	278	111	
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	2	12,166	7,542	135	

Note 1: The amount was eliminated in the consolidated financial statements.

Note 2: The share of profit included amortization of the difference between equity and carrying amounts of the investment.

TABLE 5**CHC RESOURCES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

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 6

CHC RESOURCES CORPORATION AND SUBSIDIARIES

**STATEMENT OF PROPERTY, PLANT AND EQUIPMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

For the three months ended March 31, 2024

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
Balance at January 1, 2024	\$ 1,136,268	\$ 218,141	\$ 2,807,783	\$ 6,313,806	\$ 18,657	\$ 68,663	\$ 1,137,468	\$ 360	\$ 64,269	\$ 11,765,415
Additions	-	-	9,275	37,350	-	446	1,601	-	5,166	53,838
Disposals	-	-	-	(11,796)	-	-	-	-	-	(11,796)
Effects of foreign currency exchange differences	-	1,164	4,037	8,996	29	93	-	-	-	14,319
Balance at March 31, 2024	<u>\$ 1,136,268</u>	<u>\$ 219,305</u>	<u>\$ 2,821,095</u>	<u>\$ 6,348,356</u>	<u>\$ 18,686</u>	<u>\$ 69,202</u>	<u>\$ 1,139,069</u>	<u>\$ 360</u>	<u>\$ 69,435</u>	<u>\$ 11,821,776</u>
Accumulated depreciation and impairment										
Balance at January 1, 2024	\$ 6,370	\$ 140,062	\$ 1,183,072	\$ 4,886,883	\$ 17,554	\$ 41,587	\$ 646,914	\$ 360	\$ -	\$ 6,922,802
Depreciation expense	-	5,025	23,264	65,178	191	2,182	34,585	-	-	130,425
Disposals	-	-	-	(11,796)	-	-	-	-	-	(11,796)
Impairment loss	-	-	-	28,811	-	-	-	-	-	28,811
Effects of foreign currency exchange differences	-	675	365	1,054	22	53	-	-	-	2,169
Balance at March 31, 2024	<u>\$ 6,370</u>	<u>\$ 145,762</u>	<u>\$ 1,206,701</u>	<u>\$ 4,970,130</u>	<u>\$ 17,767</u>	<u>\$ 43,822</u>	<u>\$ 681,499</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 7,072,411</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>
Carrying amount at March 31, 2024	<u>\$ 1,129,898</u>	<u>\$ 73,543</u>	<u>\$ 1,614,394</u>	<u>\$ 1,378,226</u>	<u>\$ 919</u>	<u>\$ 25,380</u>	<u>\$ 457,570</u>	<u>\$ -</u>	<u>\$ 69,435</u>	<u>\$ 4,749,365</u>

For the three months ended March 31, 2023

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
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	-	2,811	2,921	35,482	-	775	-	-	10,728	52,717
Effects of foreign currency exchange differences	-	(509)	(2,018)	(4,398)	(15)	(83)	(8)	-	-	(7,031)
Balance at March 31, 2023	<u>\$ 2,352,346</u>	<u>\$ 210,485</u>	<u>\$ 2,826,989</u>	<u>\$ 6,158,816</u>	<u>\$ 18,700</u>	<u>\$ 70,492</u>	<u>\$ 1,137,617</u>	<u>\$ 360</u>	<u>\$ 72,359</u>	<u>\$ 12,848,164</u>

(Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<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	-	4,668	24,092	71,128	259	2,507	35,351	-	-	138,005
Effects of foreign currency exchange differences	-	(284)	(350)	(274)	(10)	(38)	(8)	-	-	(964)
Balance at March 31, 2023	<u>\$ 6,370</u>	<u>\$ 128,677</u>	<u>\$ 1,135,674</u>	<u>\$ 4,686,770</u>	<u>\$ 16,920</u>	<u>\$ 38,351</u>	<u>\$ 542,733</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 6,555,855</u>
Carrying amount at March 31, 2023	<u>\$ 2,345,976</u>	<u>\$ 81,808</u>	<u>\$ 1,691,315</u>	<u>\$ 1,472,046</u>	<u>\$ 1,780</u>	<u>\$ 32,141</u>	<u>\$ 594,884</u>	<u>\$ -</u>	<u>\$ 72,359</u>	<u>\$ 6,292,309</u> (Concluded)