



## CHC RESOURCES CORPORATION

# 2023 ANNUAL REPORT



CHC RESOURCES

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Notice to readers: This English-version annual report is a translation of the Chinese version.  
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Title: Vice President  
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## Address and Telephone Number of Head Office , Head Office :

Address: 22F , No. 88, Cheng Gong 2<sup>nd</sup> Rd., Qian  
Zhen, Kaohsiung, 806698, Taiwan  
Phone: 886-7-336-8377

## Factory :

### CHC RESOURCES CORPORTION

Address: No. 2, Chaosing Rd., Siaogang, Kaohsiung,  
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Phone: 886-7-802-0171

### Lin-hai Plant

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Phone: 886-7-872-0171

### Yan-hai Plant

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812043, Taiwan  
Phone: 886-7-973-6099

### Li-chang Plant

Address: No.1, Lichang St., Xiaogang, Kaohsiung,  
812043, Taiwan  
Phone: 886-7-973-6300

### Li-chang Plant II

Address: No.2, Lichang St., Xiaogang, Kaohsiung,  
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### Yong-chun Plant

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### Chang-tai Plant

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## Deputy Spokesperson

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### Yung-kuang Plant

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### Chung-kang Plant II

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Phone: 886-4-3707-3066

### Quan-xing plant

Address: No.8, Gongdong 3rd Rd., Heme, Changhu,  
508003, Taiwan  
Phone: 886-47-986-000

### Chang-hua plant

Address: No.8-1, Gongdong 3rd Rd., Hemei, Changhua,  
508003, Taiwan  
Phone: 886-47-986-000

### Miau-li plant

Address: No.6, Zhongxing St., Tongluo, Miaoli, 366005,  
Taiwan  
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## Financial Report Auditors

Auditors: Yu-Shiang Liu, Chao-Chun Wang  
Accounting Firm: Deloitte & Touche Taipei Taiwan  
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Address: 3F, No. 88, Cheng Gong 2<sup>nd</sup> Rd., Qian Zhen,  
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Website: <https://www.deloitte.com.tw>  
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Note: This annual report is prepared in accordance with the Regulations Governing Information to be Published in Annual Reports of Public Companies formulated by the Securities and Futures Bureau, Financial Supervisory Commission, R.O.C.

# Chapter I. Letter to Shareholders

Dear Shareholders,

In 2023, with the domestic construction market remaining stable, the company promptly imported raw materials to increase the production and sales volume of Ground Granulated Blast Furnace Slag (GGBFS) in order to meet customer demands. We also continued to enhance cost control, resulting in an EPS of \$3.38 after tax. We hereby report the Company's 2023 Business Results, 2024 Business Plans and future company development strategies as follows:

## I. Business Results of 2023

### (I) Overview of Operations

#### 1. Granulated Blast Furnace Slag (GBFS) Cement Business

In 2023, private construction projects maintained stable, while public construction projects gained momentum in the latter part of the year, sparking a surge in the demand for concrete. Furthermore, Taipower's coal restriction policy drove a consistent downturn in fly ash output, thereby fueling the need for GGBFS and other related construction materials. In terms of granulated blast-furnace slag raw materials, the output of domestic steel mills decreased in 2023. In order to meet customers' demands, the company has continuously created foreign sources and improved overall operational performance through flexible production, sales allocation and cost control.

#### 2. Resource Reutilization Business

Basic oxygen furnace slag, air-cooled blast furnace slag, and mineral fine aggregates are all low-carbon, environmentally friendly products. In terms of promoting the utilization of basic oxygen furnace slag, the company has maintained longstanding collaborations with government to advocate its use for road pavement materials. In recent years, we have extended our initiatives to encourage its utilization in cement raw materials and maritime engineering materials, in line with the government's circular economy policy. In addition, the government has implemented various policies, such as to collect carbon fee and to achieve the goal of net-zero emissions by 2050. These policies have also helped promote the company's low-carbon products. As a result, several of our products have received BS 8001 certification for circular economy and have undergone carbon footprint assessments. In the future, we will leverage the carbon reduction benefits of our products to expand their applications and increase their value in the circular economy.

## (II) Implementation of Business Plan and Profitability Analysis

Unit: Ton

Item		Actual Volume	Budget Volume	Difference	Achievement Rate (%)
Ground-Granulated Blast-Furnace Slag (GGBFS)	Production (Note)	3,206,044	2,950,552	255,492	109
	Sales	3,027,702	2,706,500	321,202	112
Fly Ash GGBFS	Production	52,192	36,550	15,642	143
	Sales	50,896	36,550	14,346	139
GBFS Cement	Production	136,360	96,750	39,610	141
	Sales	137,783	96,750	41,033	142
Special-Purpose Materials	Production	250,616	260,200	(9,584)	96
	Sales	248,375	260,200	(11,825)	95
Resource Reutilization Business	Production	2,922,999	3,124,618	(201,619)	94
	Sales	2,922,986	3,124,618	(201,632)	94

Note : Production volume includes the volume provided to produce other products for Actual volume: 262,594 tons, Budget volume: 245,089 tons.

### · Standalone Statements of Comprehensive Income

Unit: In thousands of NT\$

Item	2023	2022	Increase (Decrease) in Amount	Percentage Change (%)
Operating revenue	11,084,744	10,269,520	815,224	8
Operating costs	9,703,986	8,981,680	722,306	8
Gross profit	1,380,758	1,287,840	92,918	7
Operating expenses	432,265	420,511	11,754	3
Profit from operations	948,493	867,329	81,164	9
Non-operating income and expenses	78,428	51,509	26,919	52
Profit before income tax	1,026,921	918,838	108,083	12
Net profit for the year	839,555	755,402	84,153	11
Other comprehensive income (loss) (net of income tax)	(59,364)	4,080	(63,444)	(1,555)
Total comprehensive income for the year	780,191	759,482	20,709	3

Profit before income tax increased by 12% in 2023 compared to 2022, mainly due to improved profitability in the granulated blast-furnace slag cement business. Other comprehensive income decreased by 1555%, mainly due to the decrease in the share of other comprehensive income of subsidiaries and associates accounted for using the equity method.

## ·Consolidated Statements of Comprehensive Income

Unit: In thousands of NT\$

Item	2023	2022	Increase (Decrease) in Amount	Percentage Change (%)
Operating revenue	12,394,902	11,382,629	1,012,273	9
Operating costs	10,838,732	10,011,489	827,243	8
Gross profit	1,556,170	1,371,140	185,030	13
Operating expense	481,898	464,458	17,440	4
Profit from operations	1,074,272	906,682	167,590	18
Non-operating income and expenses	(14,727)	28,591	(43,318)	(152)
Profit before income tax	1,059,545	935,273	124,272	13
Net profit for the year	858,013	754,983	103,030	14
Other comprehensive income (loss) (net of income tax)	(63,378)	12,651	(76,029)	(601)
Total comprehensive income for the year	794,635	767,634	27,001	4
Net profit attributable to				
Owners of the Corporation	839,555	755,402	84,153	11
Non-controlling interests	18,458	(419)	18,877	4,505
Total comprehensive income attributable to				
Owners of the Corporation	780,191	759,482	20,709	3
Non-controlling interests	14,444	8,152	6,292	77

Profit before income tax for 2023 increased by 13% compared to 2022, as explained in the above analysis of the standalone statements of comprehensive income. Other comprehensive income decreased primarily due to the increase in the exchange losses on translation of financial statements of foreign operations.

### (III) Research and Development

1. Research and development low-carbon building materials and low-carbon concrete technology.
2. Research and development low-carbon raw materials for steel making process : Agglomeration technology of low-carbon iron materials.
3. Research and development new low-carbon materials and expand the application of basic oxygen furnace slag.

## II. Business Plan of 2024

### (I) Management Principles

Entrench in green industries and expand production and sales capacity

Conduct R&D on low-carbon materials and reinforce cost control

Fortify information security protection and ensure zero accidents in industrial safety

Promote net-zero transformation and deepen ESG principles

## (II) Sales Estimation

Unit: Ton

Item	Production Volume	Sales Volume
GGBFS	2,861,591 (Note)	2,729,940
Fly ash GGBFS	42,500	42,500
GBFS Cement	93,750	93,750
Special-Purpose Materials	233,810	233,810
Resource Reutilization Business	3,106,549	3,106,549

Note : Production volume includes the volume provided to produce for other products: 229,971 tons.

The production and sales volume above are the primary basis for preparing the operating budget for 2024. The budget was approved by the Board of Directors of the Company.

## (III) Key Production and Sales Policy

Continue to upgrade the quality and improve customer satisfaction.

Create new values of resources and develop new products actively.

## III. Future Development Strategies

### (I) GBFS Cement Business

1. Develop production capacity, improve quality, strengthen customer service and build long-term relationships.
2. Reduce production costs and energy consumption, increase product competitiveness, and improve environmental friendliness.
3. Enhance production techniques and innovate new products.

### (II) Resource Reutilization Business

1. Improve the quality and technology of products derived from resources to increase their value and broaden their range of applications.
2. Implement autonomous management and enhance sales control.
3. Leverage advantages of core expertise and low-carbon products, and develop diverse markets and business opportunities

## IV. Effect of external competition, the legal environment, and the overall business environment

The domestic economic environment is closely related to the supply and demand of GGBFS products. Currently, domestic public construction projects have implemented one after another, and private construction sites are maintaining stable. The market demand for GGBFS is steadily on the rise. In response to the government's coal restriction policy, power plants have gradually shut down their coal-fired plants, resulting in a decrease in fly ash output. However, due to the partial substitutability of GGBFS, the demand for GGBFS in the market has increased.

The domestic and foreign operating activities of the company are in compliance with requirements under the laws and regulations promulgated by government. However, the

changes in the regulations pose a certain degree of effects on the business expansion. The company therefore, engages professionals, such as attorneys, to provide consultancy services to carry out regulatory identification required for the business. We also actively promote our products to be awarded BS8001 circular economy certification. We make efforts to build up demonstration performance through certification and testing by international notaries, and strive to obtain projects with benchmark significance. We cooperate with credible third-party units to establish product application manuals or assist public departments in setting construction specifications for demand units to follow.

The company's business closely links to the circular economy. Products such as GGBFS have low carbon and environmental advantages. In the future, we will develop diverse business opportunities in line with international carbon reduction trends and government energy conservation and emission reduction policies. We also value the rights and interests of stakeholders to ensure the steady growth of the company's business and the achievement of sustainable management goals.

We would like to wish all beloved Shareholders good health and all the best.

Chairman Hung-Ta Lin



President Hsiang-Ya Huang



## Chapter II. Company Profile

CHC Resources Corporation (the "Company") was jointly invested by companies including China Steel Corporation (CSC) and Taiwan Cement Corporation (TCC) etc., on May 25, 1991. In March 2001, the Company merged Union Steel Cement Corporation became the largest producer of GBFS cement and Ground-Granulated Blast-Furnace Slag in Taiwan, and also has the expertise on waste processing and resource reutilization.

GBFS cement and Ground-Granulated Blast-Furnace Slag are products generally used in the construction and engineering sectors in developed countries such as Europe, US, and Japan. The Company has the expertise to produce high quality GBFS cement and Ground-Granulated Blast-Furnace Slag which is the green building materials for construction engineering, and plays an important role as a pioneer and advocator for the domestic environmental protection industry.

At the beginning the Company's primary business and operation was located in Southern Taiwan. To expand business in Central and Northern Taiwan and improve customer services, the Company initiated the Taichung Granulated Blast Furnace Slag Grinding Plant Construction Projects and completed the stage 1 and stage 2 projects in 2009 and 2015, respectively. Thereafter, in order to expand oversea Ground-Granulated Blast-Furnace Slag business, the Company established CHC Resources Vietnam Co., Ltd in 2016.

### Company History

1. May, 1991 Establishment of the Company.
2. November, 1991 Carried out the foundation works for essential equipment.
3. March, 1993 Received the Grade A Waste Disposal and Operation Permit from the Kaohsiung City Government.
4. August, 1993 Formal operation.
5. May, 1994 Obtained the CNS Mark for Portland Blast-Furnace Slag Cement (approved and issued by the Bureau of Standards, Metrology and Inspection, MOEA).
6. March, 1995 Obtained the CNS Mark for Ground Granulated Blast-Furnace Slag for use in concrete and mortars (approved and issued by the Bureau of Standards, Metrology and Inspection, MOEA).
7. November, 1995 Obtained the Chinese National Laboratory Accreditation Certificate regarding the field of chemical testing in cement and concrete laboratory issued by the Bureau of Standards (certificate no. CNLA-ZL95040).
8. November, 1999 Public listing.
9. March, 2001 Merged "Union Steel Cement Corporation".
10. June, 2006 Renamed as "CHC Resources Corporation".
11. June, 2009 Taichung Grinding Plant formal operations.
12. April, 2010 Awarded the 20th "National Quality Award".
13. July, 2010 Changed the English Name to " CHC Resources Corporation ".

- |                     |  |
|---------------------|--|
| 14. September, 2013 | Relocated the headquarter to the 22nd floor of CSC Group's headquarter building. |
| 15. December, 2017  | Chung-kang Plant formal operations.  |
| 16. December, 2019  | Merged Hsieh Sheng Development Corporation.                                      |
| 17. December, 2021  | Merged Mao-Lian Enterprise Co., Ltd.   |

## **History of subsidiaries**

### **Union Steel Development Corporation-**

- |                    |  |
|--------------------|--|
| 1. June, 1995      | Establishment of "Union Steel Investment Corporation". |
| 2. September, 2002 | Renamed as "Union Steel Development Corporation".      |
| 3. May, 2005       | Merged "Union Powder Technology Corp".                 |
| 4. March, 2009     | Established Chin-lu Plant                              |
| 5. February, 2019  | Established Lian-fa Plant                              |

### **Pao Good Industrial Co., Ltd.**

- |                   |  |
|-------------------|--|
| 1. August, 1996   | Establishment of the Company.  |
| 2. August, 1997   | Established Keelung plant.   |
| 3. February, 2002 | Became OEM of CHC Resources.   |
| 4. October, 2009  | Completed the construction of Hua-dong Plant in the Southern area.                     |
| 5. January, 2016  | Withdrew the business from the Keelung Plant and ended the CHC Resources OEM business. |

### **Yu Cheng Lime Corporation**

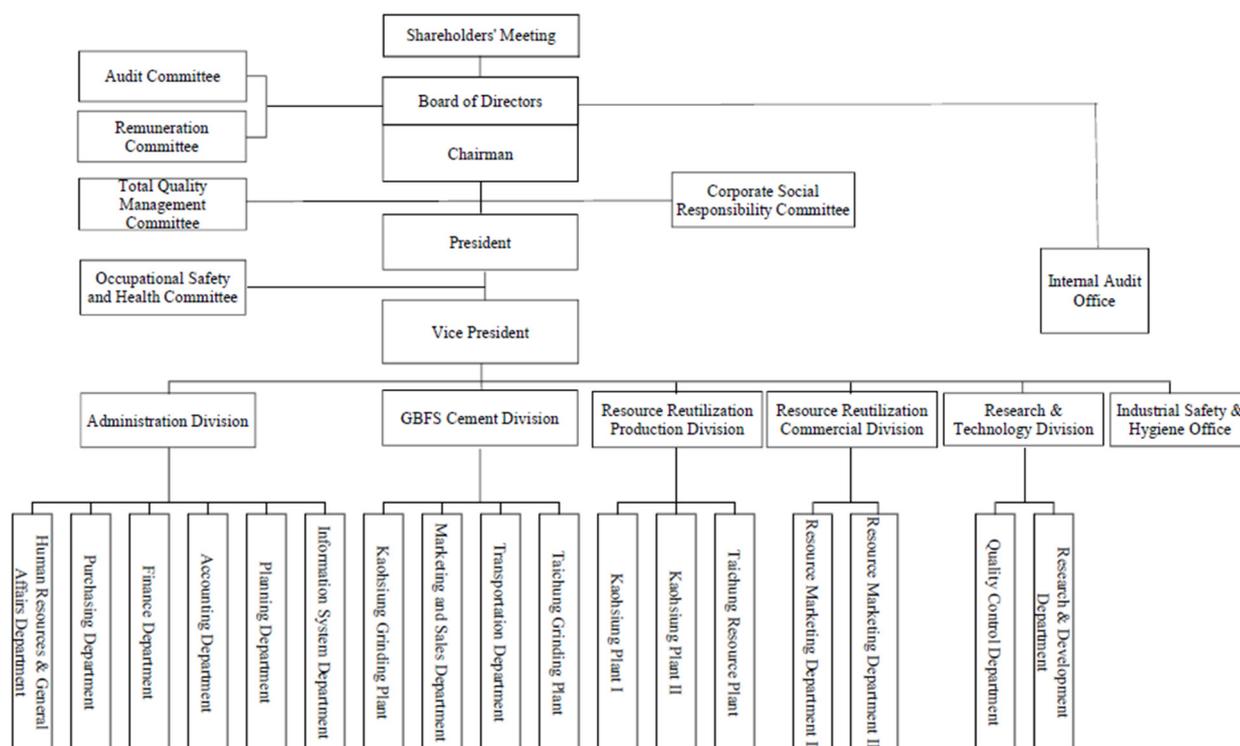
- |                   |  |
|-------------------|--|
| 1. April, 1969    | Establishment of the Company.                                |
| 2. November, 2011 | Leased sites to CHC Resources as raw material storage areas. |
| 3. March, 2012    | CHC Resources acquired 90% equity.                           |

### **CHC Resources Vietnam Co., Ltd.**

- |                   |  |
|-------------------|--|
| 1. March, 2016    | Ha Tinh Investment Planning Office issued the business registration certificate, and established Formosa Ha Tinh CHC Resources Co., Ltd. |
| 2. December, 2016 | Renamed the company as CHC Resources Vietnam Co., Ltd.   |
| 3. April, 2019    | Completed the establishment registration of its branch in Ba Ria-Vung Tau.   |
| 4. January, 2022  | Ba Ria-Vung Tau plant formal operations.   |

# Chapter III. Corporate Governance

## I. Organization System



### Business Responsibility of Major Departments, Divisions, and Offices

Department	Business
Blast Furnace Cement Division	In charge of the manufacturing of slag powder products, equipment repair, construction expansion, production quality control, operation and storage plan, and execution and supervision matters.
Resource Reutilization Production Division	In charge of the processing of by-products arising from steel-making procedures, equipment repairs for waster clearing and pollution treatment, construction expansion, production quality control, resources business promotion and storage plan, and execution and supervision matters.
Resource Reutilization Commercial Division	In charge of the resource regeneration business promotion, and planning, execution and supervision of storage and transportation.
Administration Division	In charge of the planning for human resources, general affairs, public affairs, procurement, finance, accounting, planning, and information systems, and execution and supervision matters.
Research & Technology Division	In charge of the planning for research development, quality control, and technology development, and execution and supervision matters.
Industrial Safety & Hygiene Office	In charge of the planning for safety and hygiene and environmental protection, and execution and supervision matters.
Internal Audit Office	In charge of the audit operations of the Company.

## II. Information on Directors and Management Team

### (I) Information on Directors (1)

As of March 31, 2024

Title	Nationality	Name	Gender	Ages	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
								Chairman	Taiwan, R.O.C	China Steel Corporation	Male	63	2022.06.23	3 years	1991.04.30			49,289,597	19.83	49,289,597	
Taiwan, R.O.C	Representative: Hung-Ta Lin	2022.06.23	3 years	2020.06.01 (corporate representative reassigned)	0	0	0		0	0			0	0	0	0	0	Assistant Vice President of Production Division, China Steel Corporation Master, department of metallurgical engineering, University of Sheffield, UK	Note 2	None	None
Director	Taiwan, R.O.C	China Steel Corporation	Male	64	2022.06.23	3 years	1991.04.30	49,289,597	19.83	49,289,597	19.83	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Hsiang-Ya Huang			2022.06.23	3 years	2020.11.30 (corporate representative reassigned)	0	0	0	0	0	0	0	0	0	0	General Manager of the Raw Material Handling & Implant Transportation Department, China Steel Corporation Mechanical and Electro-Mechanical Engineering, Chung Yuan Christian University	Note 2	None	None
Director	Taiwan, R.O.C	China Steel Corporation	Male	57	2022.06.23	3 years	1991.04.30	49,289,597	19.83	49,289,597	19.83	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Shui-Sheng Hung			2023.11.21	3 years	2023.11.21 (corporate representative reassigned)	0	0	1,100	0	0	0	0	0	0	0	Steel Plant General Superintendent, China Steel Corporation Master of Mining, Metallurgy, and Materials Science, National Cheng Kung University	Note 2	None	None
Director	Taiwan, R.O.C	China Steel Corporation	Male	63	2022.06.23	3 years	1991.04.30	49,289,597	19.83	49,289,597	19.83	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Chih-Hong Lin			2023.01.01	3 years	2023.01.01 (corporate representative reassigned)	0	0	0	0	0	0	0	0	0	0	General Manager of the Raw Material Handling & Implant Transportation Department, China Steel Corporation Bachelor of Electrical Engineering Technology, Taiwan Institute of Industrial Technology	Note 2	None	None
Director	Taiwan, R.O.C	Taiwan Cement Corporation			2022.06.23	3 years	1991.04.30	30,196,163	12.15	30,196,163	12.15	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Title	Nationality	Name	Gender	Ages	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
	Taiwan, R.O.C	Representative: Chien-Chiang Huang	Male	75	2022.08.11	3 years	2022.08.11 (corporate representative reassigned)	0	0	0	0	0	0	0	0	Senior Vice President, Taiwan Cement Corporation Department of Transportation and Communication Management Science, National Cheng Kung University	Note 2	None	None	None	None
Director	Taiwan, R.O.C	Taiwan Cement Corporation	Male	62	2022.06.23	3 years	1991.04.30	30,196,163	12.15	30,196,163	12.15	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Yin-Te Wu			2022.06.23	3 years	2019.06.21	0	0	0	0	0	0	0	0	0	General Superintendent of the Kaohsiung Cement Product Plant, Taiwan Cement Corporation Bachelor of Geology, Chinese Culture University	Note 2	None	None	None
Director	Taiwan, R.O.C	China Steel Structure Corporation	Male	61	2022.06.23	3 years	2001.05.18	23,182,738	9.33	23,182,738	9.33	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Jui-Teng Chen			2023.12.01	3 years	2023.12.01 (corporate representative reassigned)	0	0	103	0	0	0	0	0	0	Chairman, China Steel Structure Corporation Master of Industrial Engineering, National Chiao Tung University	Note 2	None	None	None
Director	Taiwan, R.O.C	Asia Cement Corporation	Male	60	2022.06.23	3 years	1991.04.30	22,801,185	9.17	22,801,185	9.17	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Chih-Hsien Chen			2022.06.23	3 years	2022.06.23	0	0	0	0	0	0	0	0	0	Chief Assistant General Superintendent, Hualien Plant, Asia Cement Corporation Masters, Chemical Engineering, Chung Yuan Christian University	Note 2	None	None	None
Director	Taiwan, R.O.C	Asia Cement Corporation	Male	56	2022.06.23	3 years	1991.04.30	22,801,185	9.17	22,801,185	9.17	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Chen-He Chung			2022.06.23	3 years	2017.12.01 (corporate representative reassigned)	0	0	0	0	0	0	0	0	0	Manager of the Domestic Sales Department, Asia Cement Corporation Masters, Da-Yeh University	Note 2	None	None	None
Director	Taiwan, R.O.C	Universal Cement Corporation	Male	39	2022.06.23	3 years	2001.05.18	17,020,254	6.85	17,020,254	6.85	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Zhi-Yuan Hou			2022.06.23	3 years	2011.01.03 (corporate representative reassigned)	0	0	0	0	0	0	0	0	0	Chief Operating Officer, Universal Cement Corporation Master of Arts in Regional Studies--East Asia (RSEA), Harvard University, USA	Note 2	None	None	None

Title	Nationality	Name	Gender	Ages	Date of Appointment	Term	Date of Initial Appointment	Shareholding on Date of Appointment		Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Remarks (Note 1)
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	Taiwan, R.O.C	China Steel Chemical Corporation	Male	58	2022.06.23	3 years	2001.05.18	15,019,341	6.04	15,019,341	6.04	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Yi-Hung Chen			2022.06.23	3 years	2021.10.31 (corporate representative reassigned)	0	0	0	0	0	0	0	0	0	0	Vice President, China Steel Chemical Corporation Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University	Note 2	None	None
Director	Taiwan, R.O.C	Southeast Cement Corporation	Male	57	2022.06.23	3 years	2001.05.18	13,083,801	5.26	13,083,801	5.26	0	0	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Taiwan, R.O.C	Representative: Rong-Tzong Tang			2024.01.24	3 years	2024.01.24 (corporate representative reassigned)	0	0	0	0	0	0	0	0	0	Vice President of the Business Department, Southeast Cement Corporation Bachelor of Business Administration, Tunghai University	Note 2	None	None	None
Independent Director	Taiwan, R.O.C	Chun-Hsien Wang	Male	74	2022.06.23	3 years	2016.06.21	0	0	0	0	0	0	0	0	Independent Director, Fluxtek International Corp. Department of Accountancy and Statistics, National Cheng Kung University	None 2	None	None	None	None
Independent Director	Taiwan, R.O.C	Chung-Chia Yang	Male	67	2022.06.23	3 years	2018.06.22	0	0	0	0	0	0	0	0	Professor, Department of Harbor and River Engineering, Ph.D., Northwestern University, USA	None	None	None	None	None
Independent Director	Taiwan, R.O.C	Fu-Tien Jeng	Male	78	2022.06.23	3 years	2019.06.21	0	0	0	0	0	0	0	0	Emeritus Professor, Graduate Institute of Environmental Engineering, National Taiwan University Ph.D. in Civil Engineering, National Taiwan University	None	None	None	None	None

Where the Chairman, President or person holds an equivalent position (the highest level management) of the Company are the same person, spouses, or relatives within the first degree of relationship, an relevant explanation shall be given regarding the information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (including methods such as increasing the number of seats for Independent Directors and more than half of the Directors shall not hold a position as employees or managements).

Other Current Assignments/Positions :

Name	Other Current Assignments/Positions
Hung-Ta Lin	Chairman : CHC Resources Corporation Director : CHC Resources Vietnam Co., Ltd.
Hsiang-Ya Huang	President : CHC Resources Corporation Chairman : Union Steel Development Corporation Director : Pao Good Industrial Co., Ltd., CHC Resources Vietnam Co., Ltd., Hsin Hsin Cement Enterprise Corporation Supervisor : Eminent Venture Capital Corporation
Shui-Sheng Hung	Steel Plant General Superintendent, China Steel Corporation Chairman : China Steel Resources Corporation
Chih-Hong Lin	General Manager of the Raw Material Handling & Implant Transportation Department, China Steel Corporation
Chien-Chiang Huang	Senior Vice President, Taiwan Cement Corporation Chairman : Feng Shehg Enterprise Company, Transword Transportation Co., Ltd., E.G.C. Cement Corp., HOPING Industrial Port Corp., TCC (Dong Guan) Cement Company Ltd., Fuzhou Taini Cement Co., Ltd., Fuzhou Taini Cement Co., Ltd. Director : Taiwan Transport & Storage Corp., TCEC Corporation, PAN ASIA Engineers Constructors Corp., CR Classification Society, TA-HO Corp., HO-PING Power Company, TCC Information Systems Corp., TCC Shaoguan Cement Co., Limited, Chiefolk Company Limited, Hong Kong Cement Company Limited, Hong Kong Concrete Company Ltd, QUON HING Concrete Company Ltd., TCC International Holdings Ltd., Taiwan Cement (Dutch) Holdings B.V., TCC International Ltd., etc.
Yin-Te Wu	General Superintendent of the Kaohsiung Cement Product Plant, Taiwan Cement Corporation Director : Feng Shehg Enterprise Company, E.G.C. Cement Corporation
Jui-Teng Chen	Vice President of Engineering Division, China Steel Corporation Chairman : China Steel Structure Corporation, NIKKEN & CSSC Metal Products Co., Ltd. Director : United Steel Engineering & Construction Corporation
Chih-Hsien Chen	Chief Assistant General Superintendent, Hualien Plant, Asia Cement Corporation Director : Ya Tung Ready Mixed Concrete Co., Ltd., Ya Li Precast Prestressed Concrete Industries Corp., Nan-Hwa Cement Corporation, Asia Engineering Enterprise Corporation, Everstrong Iron & Steel Foundry & Mfg. Corp., Ya Li Transportation Corporation
Chen-He Chung	Manager of the Domestic Sales Department, Asia Cement Corporation · President of Nan-Hwa Cement Corporation Director : Pao Good Industrial Co., Ltd., Ya Li Transportation Corporation, Fu Ming Transport Corporation, Ya Sing Ready-Mixed Concrete Corp. Supervisor : Chia Hui Power Co., Ltd.
Zhi-Yuan Hou	Chief Operating Officer : Universal Cement Corporation Managing Director : Universal Concrete Industrial Corporation Director : Universal Cement Corporation, Universal Investment Corporation, Tainan Concrete Industrial Corporation, Kaohsiung Harbor Transport Company, Huanchung Cement International Corporation, Lio Ho Machine Works Ltd., Grand Bills Finance Corporation, Tainan Spinning Co., Ltd., Nanatex Industry Co, Ltd., Prince Housing & Development Corp., Times Square International Hotel Corporation, TECO Electric & Machinery Co., Ltd.
Yi-Hung Chen	Vice President : China Steel Chemical Corporation, President of Ever Wealthy International Corporation Supervisor : Transglory Investment Corporation, Changzhou China Steel Chemical New Materials Technology Co., Ltd.
Rong-Tzong Tang	Vice President of the Business Department, Southeast Cement Corporation Director : Dong Nai Construction Co.,Ltd., Tian Cheng Concrete Industry Co., Ltd.
Chun-Hsien Wang	Independent Director : FLUXTEK International Corporation Compensation Committee: FLUXTEK International Corporation Sheng, Yu Steel Co., Ltd.

Major Shareholders of Institutional Shareholder :

Name of Institutional Shareholder	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios
China Steel Corporation	Ministry of Economy Affairs (MOEA) (20%)	N/A
	Employee's Stock Ownership Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. (2.42%)	N/A
	Transglory Investment Corporation (1.63%)	China Steel Express Corporation (48.28%), Chung Hung Steel Corporation (39.59%), China Steel Chemical Corporation (8.90%), United Steel Engineering & Construction Corp. (3.23%)
	Taishin International Bank, Custodian for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (1.36%)	N/A
	Fubon Life Insurance Co, Ltd. (1.36%).	Fubon Financial Holding Co., Ltd. (100%)
	Chunghwa Post Co., Ltd. (1.16%)	N/A
	Labor Retirement Fund (Old-Age) (1.11%)	N/A
	Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.08%)	N/A
	Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.05%)	N/A
	Labor Pension Fund (1.03%)	N/A
China Steel Structure Corporation	China Steel Corporation (33.24%)	Ministry of Economy Affairs (MOEA) (20%), Employee's Stock Ownership Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. (2.42%), Transglory Investment Corporation (1.63%), Taishin International Bank, Custodian for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (1.36%), Fubon Life Insurance Co., Ltd. (1.36%), Chunghwa Post Co., Ltd. (1.16%), Labor Retirement Fund (Old-Age) (1.11%), Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.08%), Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.05%), Labor Pension Fund (1.03%)
	You Juan Investment Co., Ltd. (12.5%)	Taiwan Mask Corporation (100%)
	Taiwan Mask Corporation (7.17%)	You Juan Investment Co., Ltd. (14.32%), Taiwan Mask Corporation (5.65%), Zhao-Yi Wu (3.86%), Allianz Global Investors Taiwan Intelligence Trends Fund Account (3.32%), Fubon Life Insurance Co, Ltd. (2.09%), Entrusted to the custody of HSBC Bank Taiwan (1.99%), Fu Sho Investment Co., Ltd. (1.7%), Allianz Gbl Inv Taiwan Tech Account (1.7%), Guo-Jing Wu (1.17%), JPMorgan is entrusted to the custody of JPMorgan Chase Bank Taipei Branch (1.12%)
	IHI Corporation (5.53%)	日本マスタートラスト信託銀行株式会社 (信託口) (13.54%), 株式会社日本カストディ銀行 (信託口) (6.12%), みずほ信託銀行株式会社 退職給付信託みずほ銀行口再信託受託者株式会社日本カストディ銀行(2.11%), State Street Bank And Trust Company (1.86%), I H I 共榮會 (1.86%), 第一生命保険株式会社 (1.77%), I H I 従業員持株會 (1.72%), 住友生命保険相互會社 (1.50%), JP モルガン証券株式会社(1.45%), Northern Trust Global Services SE, Luxembourg RE LuduU RE: UCITS Client S (1.37%)

Name of Institutional Shareholder	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios
China Steel Structure Corporation	Berlin Co., Ltd. (4.52%)	Aon Co., Ltd. (18.09%), Hui-Hui Hsu (14.81%), Che-Wei Chen (11.12%), Yu-Fen Tai (5.82%), Shih-Fan Hsu (5.81%), Ying-Ju Hsu (5.24%), Che-Sheng Chen (3.77%), Shih-Chi Chen (3.5%), Shih-Yun Chen (3.27%), Wei-Hsuan Chen (3.12%)
	Yung Chi Paint & Varnish Mfg. Co., Ltd. (2.50%)	Yongying Investment Co., Ltd. (22.65%), Te-Hsiung Chang (7.56%), Special Account for Investment of CTBC Masterlink Securities (H.K.) Corp. Ltd. (7.51%), Te-Jen Chang (7.12%), Te-Sheng Chang (6.40%), Hsiang-Hui Huang (5.76%), Ping-Lin Kuo (4.45%), Sanxiangmin Company (2.16%), Tu Yu-Jen's Trust Account is entrusted to the custody of Chang Te-Ming (2.1%), Credit Suisse AG Hong Kong Branch Investment Account is entrusted to the custody of Standard Chartered Bank Main Branch (1.86%)
	Dragon Steel Corporation (2.11%)	China Steel Corporation (100%)
	Great Grandeur Steel Co., Ltd. (1.95%)	C. HAO Corporation (45.84%), Yung-Cheng Kuo (15.91%), Chen-Kuei Yen (13.40%), Yu-Lun Kuo (12.88%), Chih-Hao Kuo (11.98%),
	Hui-Zhen Wu-Lai (1.85%)	N/A
	Transglory Investment Corporation (1.74%)	China Steel Express Corporation (48.28%), Chung Hung Steel Corporation (39.59%), China Steel Chemical Corporation (8.90%), United Steel Engineering & Construction Corp. (3.23%)
China Steel Chemical Corporation	China Steel Corporation (29.04%)	Ministry of Economy Affairs (MOEA) (20%), Employee's Stock Ownership Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. (2.42%), Transglory Investment Corporation (1.63%), Taishin International Bank, Custodian for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (1.36%), Fubon Life Insurance Co., Ltd. (1.36%), Chunghwa Post Co., Ltd. (1.16%), Labor Retirement Fund (Old-Age) (1.11%), Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.08%), Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.05%), Labor Pension Fund (1.03%)
	Fubon Life Insurance Co., Ltd. (5.31%)	Fubon Financial Holding Co., Ltd. (100%)
	International CSRC Investment Holdings Co., Ltd. (4.96%)	Taiwan Cement Corporation (15.59%), CITIC Investment Holdings Limited (4.29%), Xinchang Investment Corporation (2.23%), CS Development & Investment Co. (1.50%), Special Account for Fund Advanced Aggregate International Stock Index - One Series of Advanced Starlight Fund Company Truusted in JPMorgan Chase Bank Taipei Branch (1.21%), Special Account for Vanguard Emerging Markets Stock Index Fund Investment of the Vanguard Group Company Manager Truusted in JPMorgan Chase Bank Taipei Branch (1.17%), Union Cement Traders, Inc. (1.16%), Citibank Taiwan entrusted for custody of Norges Bank Investment Account (1.09%), TransGlobe Life Insurance Inc. (1.02%), Poluning Development National Fund Co., Ltd Investment Account is entrusted to the custody of Citi Bank (Taiwan) (0.78%)
	Ever Wealthy International Corporation (2.01%)	China Steel Chemical Corporation (100%)
	Chichengte Investment Co., Ltd. (1.46%)	Chieh-Te Wang (29.96%), Kuang-Chih Wang (24.82%), Fan Wang (8.33%), Kuang-Cheng Wang (2.90%)

Name of Institutional Shareholder	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios
China Steel Chemical Corporation	Yuanta Taiwan High Dividend Low Volatility ETF Investment Trust Account (1.23%)	N/A
	Medimaging Investment Corporation (0.96%)	Mu-Liang Chang (99.71%), Hua-Sheng Chang (0.29%)
	Hsinyang Investment Co., Ltd. (0.93%)	Mu-Liang Chang (100%)
	Chang Gung Medical Foundation (0.93%)	N/A
	Vanguard Emerging Markets Exchange-Traded Fund Investment Account (0.90%)	N/A
Taiwan Cement Corporation	Chia Hsin Cement Corporation (3.35%)	Tong Yang Chia Hsin International Corp. (16.44%), Sung Ju Investment Corp. (8.88%), Yung-Ping Chang (5.39%), Taiwan Cement Corporation (3.54%), Ta-Ho Maritime Corporation (3.33%), Nutri Vita Inc. (2.23%), Foundation Chia Hsin Zhaofu Cultural Foundation (1.92%), International Chia Hsin Corporation (1.89%), Kuo-Hui Ku (1.74%), Chia Hsin Ready-Mixed Concrete Corp. (1.70%)
	Chinatrust Investment Co., Ltd. (2.74%)	Hengqiang Investment Co., Ltd. (23.38%), Fu Pin Investment Co., Ltd. (23.33%), Taiwan Cement Corporation (15.59%), International CSRC Investment Holdings Co., Ltd. (4.48%), Xinchang Investment Corporation (3.45%), Ho ping Industrial Port Corporation (3.31%), Kung Ching International Development Co., Ltd. (2.97%), Qiao Tai Investment Co., Ltd. (2.77%), Chung Ho Spinning Co., Ltd. (2.31%), TA-HO Maritime Corporation (2.09%)
	Taishin International Bank, Custodian for Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (2.54%)	N/A
	Labor Retirement Fund (Old-Age) (1.89%)	N/A
	Chia Hsin International Co., Ltd. (1.63%)	Chia Hsin Cement Corporation (87.18%), Chia Hsin Cement Construction & Development Corp. (10.41%), Jiamin Co. Ltd. (0.52%), Sung Ju Investment Corp. (0.42%), Ju-Ping Chang (0.25%), Yung-Ping Chang (0.22%), Chung-Lien Chung (0.19%), International Chia Hsin Corporation (0.16%), An-Ping Chang (0.12%), Chien-Kuo Wang (0.11%)
	Singapore Government Investment Account under the custody of Citibank (Taiwan) (1.62%)	N/A
	International CSRC Investment Holdings Co., Ltd. (1.59%)	Taiwan Cement Corporation (15.59%), CITIC Investment Holdings Limited (4.29%), Xinchang Investment Corporation (2.23%), Citibank Taiwan entrusted for custody of Norges Bank Investment Account (1.25%), Special Account for Vanguard Emerging Markets Stock Index Fund Investment of the Vanguard Group Company Manager Trusted in JPMorgan Chase Bank Taipei Branch (1.21%) , Account for Fund Advanced Aggregate International Stock Index - One Series of Advanced Starlight Fund Company Trusted in JPMorgan Chase Bank Taipei Branch (1.17%), Citibank Taiwan entrusted for custody of Norges Bank Investment Account (1.09%), TransGlobe Life Insurance Inc. (1.02%), Poluning Development National Fund Co., Ltd Investment Account is entrusted to the custody of Citi Bank (Taiwan) (0.78%)
	Heng Qiang Investment Co., Ltd. (1.57%)	Kung-Kai Ku (49.50%), Tien-I Hou (24.90%), Hsuan-Hui Ku (25.5995%), Fu Pin Investment Co., Ltd. (0.0005%)

Name of Institutional Shareholder	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios	Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios
Taiwan Cement Corporation	Taiwan Life Insurance Co., Ltd. (1.40%)	CTBC Financial Holding Co., Ltd. (100%)
	BankTaiwan Life Insurance - Government Employees & School Staffs Insurance (1.39%)	Taiwan Cooperative Financial Holding Co., Ltd. (100%)
Asia Cement Corporation	Far Eastern New Century Corporation (21.16%)	Asia Cement Corporation (23.77%), Foundation Oriental Institute of Technology (4.81%), Medical Foundation Yuan-Chih Hsu Medical Foundation (3.61%), Foundation Yuan-Chih Hsu Memorial Foundation (3.42%), Trust fund account of Cathay Sustainability High Dividend ETF under the custody of Taishin International Bank (3.12%), Foundation Yuan Ze University (2.74%), Yuanta/P-shares Taiwan Dividend Plus ETF (2.41%), Hsu-Tung Hsu (1.71%), Chunghwa Post Co., Ltd. (1.61%), Der Ching Investment Corporation (1.55%)
	Medical Foundation Hsu-Tung Hsu Medical Foundation (5.12%)	You-Wei Xu (76.90%)(Deceased), Zong-Yan He (2.31%)(Deceased), Shu-Peng Wang (2.31%)(Deceased), Wei-Yuan Xu (2.31%)(Deceased), Ying-Chong Huang (2.31%)(Deceased), Douglas Tong Hsu (2.31%), Ming-De Yang (2.31%)(Deceased), Xu-Shi Xu (2.31%), Jia-Yi Xi (2.31%), Xu-Song Xu (2.31%)(Deceased), Wei-San Yu (2.31%)
	Special Account for Yuanta Borai Taiwan High Dividend Securities Investment Trust Fund Trused in Cathay United Bank (3.07%)	N/A
	KGI Life Insurance Co., Ltd. (2.43%)	China Development Finance Holdings Company (100%)
	Labor Pension Fund Committee of Far Eastern New Century Corporation (1.63%)	N/A
	Yuan Ding Investment Corporation (1.53%)	Far Eastern New Century Corporation (99.40%), Ta Chu Chemical Fiber Co., Ltd. (0.30%), An Ho Garment Co., Ltd. (0.30%)
	Far Eastern Department Stores Co. Ltd. (1.41%)	Far Eastern New Century Corporation (17.06%), Yuan Ding Investment Corporation (9.87%), Asia Cement Corporation (5.65%), Yuan Tone Investment Co., Ltd. (5.62%), Foundation Yuan Ze University (4.75%), PJ Asset Management Co., Ltd. (4.52%), Jiayuan Investment Corporation (2.57%), Employee Retirement Fund Management Committee of Far Eastern Department Stores Co. Ltd. (2.11%), Yu Yuan Investment Co., Ltd. (2.06%), Tranquil Enterprise Ltd. (2.04%)
	Yuan Ze University (1.34%)	U-Ming Marine Transport Corporation (55.21%), Xu Yuan Zhi Medical Foundation (26.05%), Far Eastern New Century Corporation (5.52%), Fu-Ming Transport Corporation (5.25%), Xu Yuan Zhi Memorial Foundation (4.91%), Asia Cement Corporation (2.76%), Ju-Fang Xu (0.28%)(Deceased), You-Wei Xu (0.01 %)(Deceased), Zhao-Zhong Yu (0.01%)(Deceased)
	Yuan-Chih Hsu Memorial Foundation (1.24%)	You-Wei Xu (50%)(Deceased), Yi-Ju Xu (50%)
	Yu Yuan Investment Co., Ltd. (1.22%)	Asia Cement Corporation (29.92%), Yuan Ding Co., Ltd (25.02%), Yuan Ding Investment Corporation (18.96%), U-Ming Marine Transport Corp. (17.66%), Ding Shen Investment Co., Ltd. (6.50%), Yue-Tung Investment Corp. (1.84%), Yuan Ding Industry Co., Ltd. (0.10%)

<b>Name of Institutional Shareholder</b>	<b>Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios</b>	<b>Major shareholders of legal shareholders (top ten shareholding ratios) and their shareholding ratios</b>
Universal Cement Corporation	Sheng Yuan Investment Co., Ltd. (9.98%)	Po-I Hou (99%), Chin-Chien Hou Su (0.40%), Chih-Sheng Hou (0.30%), Chih-Yuan Hou (0.30%)
	Yusheng Investment Co., Ltd. (9.87%)	Po-I Hou (93.59%), Chih-Sheng Hou (6.23%), Chin-Chien Hou Su (0.18%)
	HSBC custodian Pictet investment accounts (5.94%)	N/A
	Bozhi Investment Co., Ltd. (4.27%)	Po-I Hou (50%), Chin-Chien Hou Su (33.44%), Chih-Yuan Hou (16.56%)
	Standard Chartered custodian DBS Bank - 0600049662 (3.09%)	N/A
	T.H. Wu Foundation (1.79%)	N/A
	Long Yi-Chang Sand & Stone Co., Ltd. (1.72%)	Chung Yang (14.43%), Yao-Cheng Huang (9.98%), Chin-Sung Yang (9.43%), Chin- Shu-Wei Liao (2.36%)
	Bo-Yi Hou (7.79%), Ching-Chieh Hou Su (3.43%), Bo -Yu Hou (2.62%)	N/A
Southeast Cement Corporation	East Tree Investment Co., Ltd. (14.07%)	Min-Tuan Chen (64.45%), Mei-Yu Huang (13.80%), Baifu Investment (Stock) Company (8.93%), Kuan-Hua Chen (8.09%), I-Ching Chen (2.56%), I-Wen Chen (2.16%)
	TMMC Shipyard Co., Ltd. (8.62%)	Zhengtai Cement Factory Co., Ltd. (66.65%), Southeast Cement Corporation (31.01%), Southeast Industrial Construction Corporation (1.77%), Southeast Investment (Stock) Company (0.55%), Dongshu Investment Co., Ltd. (0.02%)
	Evergreen Co., Ltd. (7.01%)	Neeko Capital Co., Ltd. (38.75%), Su-Ying Chen (34.49%), Chun-Min Shao (8.45%)
	Fukang Cultural and Educational Foundation (6.79%)	N/A
	Baifu Investment Co., Ltd. (6.30%)	Min-Tuan Chen (48.48%), Kuan-Hua Chen (30.75%), Mei-Yu Huang (12.90%), Dongshu Investment Co., Ltd. (2.68%), I-Ching Chen (1.44%), I-Wen Chen (1.42%), Pin-Chen Chen (1.18%), Yipin Resources Co., Ltd. (0.19%), I-Pei Yeh (0.77%), Pin-Hsueh Chen (0.19%)
	Southeast Cultural and Educational Foundation (5.84%)	N/A
	Ying-Chen Co., Ltd. (4.62%)	Evergreen Co., Ltd. (100%)
	Yueh-Ling Chen (4.61%)	N/A
	Chen Zhaoshu Charity Foundation (4.35%)	N/A
	Chint Cement Factory Co., Ltd. (4.20%)	TMMC Shipyard Co., Ltd. (19.20%), Baifu Investment (Stock) Company (15.82%), Southeast Investment (Stock) Company (13.86%), Evergreen (Stock) Company (10.52%), Kuan-Hua Chen (8.16%), Shih-Chun Chen (7.52%), Yueh-Ling Chen (5.83%), Hengxiangyuan Investment (Stock) Company (4.07%), Dongshu Investment Co., Ltd. (3.36%), Li-Hsiang Cheng (2.12%)

Sources: Provided by the corporate shareholders of the Company.

## Information on Directors (2)

(a) Disclosure of directors' professional qualification and independent directors' independence information:

Condition  Name	Professional qualification requirements and experience	Independence criteria				Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		Whether the individual, his/her spouse, and relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliated companies	Whether the individual, his/her spouse, and relatives within the second degree of kinship, etc. (or by nominee agreement) does not have over 1% of shareholding or was listed among the top ten natural person shareholders.	Whether or not he/she works as a director, supervisor or employee of a company with which the Company has a specific relationship	Whether the individual has provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years	
Hung-Ta Lin	<p>1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p> <p>2. Served as senior supervisor in steel industry and had the work experience required for the Company's business.</p>	<p>No.</p> <p>Director of the Company, and CHC Resources Vietnam Co., Ltd.</p>	<p>Yes.</p> <p>Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings.</p>	Yes.	<p>Yes.</p> <p>Did not receive remuneration.</p>	0
Hsiang-Ya Huang	<p>1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p> <p>2. Served as senior supervisor in steel industry and had the work experience required for the Company's business.</p>	<p>No.</p> <p>1. Director of the Company, Union Steel Development Corporation, Pao Good Industrial Co., Ltd., and CHC Resources Vietnam Co., Ltd.</p> <p>2. The Company's General Manager.</p>	<p>Yes.</p> <p>Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings</p>	Yes.	<p>Yes.</p> <p>Did not receive remuneration.</p>	0
Shui-Sheng Hung	<p>1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p> <p>2. Served as senior supervisor in steel industry and had the work experience required for the Company's business.</p>	<p>No.</p> <p>The Company's director and the factory director of China Steel Corporation.</p>	<p>Yes.</p> <p>Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings</p>	No.	<p>Yes.</p> <p>Did not receive remuneration.</p>	0

Name	Condition	Professional qualification requirements and experience	Independence criteria				Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
			Whether the individual, his/her spouse, and relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliated companies	Whether the individual, his/her spouse, and relatives within the second degree of kinship, etc. (or by nominee agreement) does not have over 1% of shareholding or was listed among the top ten natural person shareholders.	Whether or not he/she works as a director, supervisor or employee of a company with which the Company has a specific relationship	Whether the individual has provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years	
Chih-Hong Lin	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in steel industry and had the work experience required for the Company's business.	No.  The Company's director and the office director of China Steel Corporation.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Office director of China Steel Corporation	Yes.  Did not receive remuneration.	0	
Chien-Chiang Huang	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in cement industry and had the work experience required for the Company's business.	No.  The Company's director.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Senior Vice President of Taiwan Cement Corp.	Yes.  Did not receive remuneration.	0	
Yin-Te Wu	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in cement industry and had the work experience required for the Company's business.	No.  The Company's director.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  General superintendent of Taiwan Cement Corp.	Yes.  Did not receive remuneration.	0	
Jui-Teng Chen	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in steel industry and had the work experience required for the Company's business.	No.  The Company's director and the Vice President of China Steel Corporation.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Chairman of China Steel Structure Corporation and the Vice President of China Steel Corporation	Yes.  Did not receive remuneration.	0	

Condition Name	Professional qualification requirements and experience	Independence criteria				Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		Whether the individual, his/her spouse, and relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliated companies	Whether the individual, his/her spouse, and relatives within the second degree of kinship, etc. (or by nominee agreement) does not have over 1% of shareholding or was listed among the top ten natural person shareholders.	Whether or not he/she works as a director, supervisor or employee of a company with which the Company has a specific relationship	Whether the individual has provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years	
Chih-Hsien Chen	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in cement industry and had the work experience required for the Company's business.	No.  The Company's director.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Chief Assistant General Superintendent of Asia Cement Corporation	Yes.  Did not receive remuneration.	0
Chen-He Chung	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in cement industry and had the work experience required for the Company's business.	No.  The Company and Pao Good Industrial Co., Ltd.'s director.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Manager of Asia Cement Corporation	Yes.  Did not receive remuneration.	0
Zhi-Yuan Hou	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in cement industry and had the work experience required for the Company's business.	No.  The Company's director.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Director and Chief Operating Officer of Universal Cement Corporation	Yes.  Did not receive remuneration.	0
Yi-Hung Chen	1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply. 2. Served as senior supervisor in chemical industry and had the work experience required for the company's business.	No.  The Company's director.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Vice president of China Steel Chemical Corporation	Yes.  Did not receive remuneration.	0

Condition Name	Professional qualification requirements and experience	Independence criteria				Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		Whether the individual, his/her spouse, and relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliated companies	Whether the individual, his/her spouse, and relatives within the second degree of kinship, etc. (or by nominee agreement) does not have over 1% of shareholding or was listed among the top ten natural person shareholders.	Whether or not he/she works as a director, supervisor or employee of a company with which the Company has a specific relationship	Whether the individual has provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years	
Rong-Tzong Tang	<p>1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p> <p>2. Served as senior supervisor in cement industry and had the work experience required for the Company's business.</p>	No.  The Company's director.	Yes.  Not more than 1% shareholding and not a natural person shareholder with top 10 shareholdings	No.  Vice President of Southeast Cement Co., Ltd.	Yes.  Did not receive remuneration.	0
Chun-Hsien Wang	<p>1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p> <p>2. Former General Audit of Prince Housing &amp; Development Corp. and TSRC with accounting and finance profession.</p>	<p>All independent directors satisfied the following statement:</p> <p>1. In compliance with Article 14-2 of the Securities and Exchange Act and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies promulgated by Financial Supervisory Commission.</p> <p>2. The individual (or by nominee agreement), his/her spouse and minor children does not have shareholdings of the Company.</p> <p>3. The individual has not provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years.</p>				1
Chung-Chia Yang	<p>1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p> <p>2. Served as Professor of Dept. Harbor &amp; River Engineering, National Taiwan Ocean University with concrete material and structure professions.</p>					0
Fu-Tien Jeng	<p>1. None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.</p> <p>2. Former Professor of Graduate Institute of Environmental Engineering, National Taiwan University with environmentally friendly profession.</p>					0

(b) Diversity and Independence of Board of Directors:

i. Diversity of Board of Directors:

The overall composition of the Board shall be taken into consideration in the selection of the Company's directors. The composition of the Board shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the Board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

The diversity policy of the current members of the Company's Board of Directors and its implementation are as follows:

Core Diversity Element Name of Director	Composition						Industrial Experience			Professional competency							
	Gender	Nationality	Employed by the Company	Ages			Tenure of Independent Directors		Steel	Environmental Protection	Construction	Operation Management	Leadership and Decision Making	Industrial Knowledge	Finance and Accounting	Marketing	Technology
				< 50	51 ~ 65	> 65	3~6 yrs	6~9 yrs									
Chairman Hung-Ta Lin	Male	Taiwan, R.O.C.	✓	✓				✓			✓	✓	✓		✓		
Director Hsiang-Ya Huang	Male	Taiwan, R.O.C.	✓	✓				✓			✓	✓	✓		✓		
Director Shui-Sheng Hung	Male	Taiwan, R.O.C.		✓				✓			✓	✓	✓				
Director Chih-Hong Lin	Male	Taiwan, R.O.C.		✓				✓			✓	✓	✓				
Director Chien-Chiang Huang	Male	Taiwan, R.O.C.			✓					✓	✓	✓	✓		✓		
Director Yin-Te Wu	Male	Taiwan, R.O.C.		✓						✓	✓	✓	✓		✓		
Director Jui-Teng Chen	Male	Taiwan, R.O.C.		✓				✓		✓	✓	✓	✓		✓		
Director Chih-Hsien Chen	Male	Taiwan, R.O.C.		✓						✓	✓	✓	✓		✓		

Core Diversity Element Name of Director	Composition						Industrial Experience			Professional competency							
	Gender	Nationality	Employed by the Company	Ages			Tenure of Independent Directors		Steel	Environmental Protection	Construction	Operation Management	Leadership and Decision Making	Industrial Knowledge	Finance and Accounting	Marketing	Technology
				< 50	51 ~ 65	> 65	3~6 yrs	6~9 yrs									
Director Chen-He Chung	Male	Taiwan, R.O.C.			V					V	V	V	V		V		
Director Zhi-Yuan Hou	Male	Taiwan, R.O.C.		V						V	V	V	V		V		
Director Rong-Tzong Tang	Male	Taiwan, R.O.C.			V					V	V	V	V		V		
Director Yi-Hung Chen	Male	Taiwan, R.O.C.			V			V			V	V	V				
Independent Director Chun-Hsien Wang	Male	Taiwan, R.O.C.				V		V		V	V	V	V	V			
Independent Director Chung-Chia Yang	Male	Taiwan, R.O.C.				V	V			V		V	V			V	
Independent Director Fu-Tien Jeng	Male	Taiwan, R.O.C.				V	V		V			V	V			V	

The 15 directors of the 12th Board of Directors of the Company (including 3 independent directors) all possess business judgment, leadership and decision-making, management, international market perspective, crisis management, and industry experience and expertise; among them, Hung-Ta Lin, Hsiang-Ya Huang, Shui-Sheng Hung, Chih-Hong Lin, and Jui-Teng Chen have experience in the steel industry; Chien-Chiang Huang, Yin-Te Wu, Chih-Hsien Chen, Chen-He Chung, Zhi-Yuan Hou, and Rong-Tzong Tang have experience in the cement industry; Yi-Hung Chen has experience in the steel and chemistry industry; Chun-Hsien Wang has expertise in financial accounting; Chung-Chia Yang, and Fu-Tien Jeng are university professors with teaching experience and industry knowledge.

The Company's independent directors whose terms of office do not exceed three consecutive terms, and all directors are all R.O.C. nationals, accounting for 20% of the Board, which composes of 3 independent directors, and 13%, who work concurrently as 2 employees. The age distribution of the Board members is 1 director aged under 50, 10 directors aged 51-65, 4 directors aged over 65. It has been planned to increase the number of female board members by at least one in the next board director election.

The diversity orientation, complementarity and implementation of directors are planned in accordance with the relevant provisions of the Company's "Corporate Governance Best Practice Principles". In the future, the Board of Directors will continue to revise its diversity policy in accordance with its operation, business model and development needs, including but not limited to the two major standards of basic requirements and values, and professional knowledge and skills, to ensure that Board members should generally possess the knowledge, skills and qualities necessary to perform their duties.

ii. The Independence of the Board :

The 12th Board of Directors of the Company consists of 15 directors (including 3 independent directors), with 20% of independent directors. In accordance with Article 192-1 of the Company Act, the Company shall adopt a candidate nomination system for the election of directors and shall state the name, education and experience of the nominee. Independent directors and non-independent directors shall be nominated separately for appointment by the shareholders from the respective slates of candidates.

The nomination of the independent directors of the Company shall be handled with Article 5 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

The Company shall announce the results of the preceding review together with the reasons for continuing to nominate the candidate as an independent director if he/she has served three consecutive terms as an independent director of the Company, and shall explain the preceding reasons to shareholders at the time of the shareholders' meeting.

The qualifications of independent directors of the Company shall comply with Articles 2, 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

None of the 15 directors of the Company is subject to the provisions of Article 26-3, Paragraphs 3 of the Securities and Exchange Act.

**(II) Information Regarding Management Team**

As of March 31, 2024

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Education and Selected Past Positions	Selected Current Positions at Other Companies	Managers Who Are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	Taiwan, R.O.C.	Hsiang-Ya Huang	Male	2023.01.01	0	0	0	0	0	0	Department of Mechanical Engineering, Chung Yuan Christian University General Manager of the Raw Material Handling & Implant Transportation Department, China Steel Corporation	Chairman : Union Steel Development Corporation Director : Pao Good Industrial Co., Ltd., CHC Resources Vietnam Co., Ltd., Hsin Hsin Cement Enterprise Corporation Supervisor : Eminent Venture Capital Corporation	None	None	None	None
Vice President	Taiwan, R.O.C.	Kuo-Yuan Chen	Male	2019.12.01	0	0	0	0	0	0	Department of Mechanical Engineering, National Taiwan Institute of Technology Chief, CSC	None	None	None	None	None
Vice President	Taiwan, R.O.C.	Hung-Shu Chung	Male	2020.03.01	0	0	0	0	0	0	Department of Mechanical Engineering, Chung Yuan Christian University General Superintendent, CHC Resources Corporation	Chairman : CHC Resources Vietnam Co., Ltd., Yu Cheng Lime Corporation Director : Pao Good Industrial Co., Ltd..	None	None	None	None
Vice President	Taiwan, R.O.C.	Kuan-Nan Lin	Male	2021.01.01	0	0	0	0	0	0	Ph.D in Environmental Engineering, Sun Yat-Sen University Team leader, CSC	None	None	None	None	None
Assistant vice president, GBFS Cement Division	Taiwan, R.O.C.	Tung-Yuan Chang	Male	2020.09.01	250	0	0	0	0	0	Master, Civil Engineering, National Chiao Tung University Sales Manager of CHC Resources Corporation	None	None	None	None	None
Assistant vice president, Resource Reutilization Commercial Division	Taiwan, R.O.C.	Chao-Kuei Huang	Male	2022.02.07	0	0	0	0	0	0	Master, Mechanical Engineering, Sun Yat-Sen University President of CHC Resources Vietnam Co., Ltd.	None	None	None	None	None

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the name of others		Education and Selected Past Positions	Selected Current Positions at Other Companies	Managers Who Are Spouses or within Second-degree Relative of Consanguinity to Each Other			Remarks (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Assistant vice president, Resource Reutilization Production Division	Taiwan, R.O.C.	Chun-Chang Cheng	Male	2021.06.01	0	0	0	0	0	0	Master, Environmental Engineering, National Cheng Kung University Resource Business Manager of CHC Resources Corporation	None	None	None	None	None
Chief Corporate Governance Officer, Assistant vice president, Administration Division	Taiwan, R.O.C	Ching-An Lin	Male	2017.09.01	0	0	0	0	0	0	MBA, Asian Institute of Technology, Thailand Team Leader, CSC	Supervisor : Gau Ruei Investment Corporation, Shin Mau Investment Corporation	None	None	None	None
Chief, Research & Technology Division	Taiwan, R.O.C	Teng-Ker Hsu	Male	2016.10.01	961	0	0	0	0	0	Master, Environmental Engineering, National Cheng Kung University Manager, CHC Resources Corporation	None	None	None	None	None
Chief, Auditor	Taiwan, R.O.C	Yih-Tien Lu	Male	2023.01.01	0	0	0	0	0	0	Bachelor, Business Administration, Soochow University Vice Auditor, Audit Department, CSC	None	None	None	None	None
Accounting Supervisor	Taiwan, R.O.C	Vivian, L.C. Cheng	Female	2020.07.02	0	0	414	0	0	0	Department of Accounting, Tunghai University Manager of Union Steel Development Corporation	None	None	None	None	None
Financial Manager	Taiwan, R.O.C	Shu-Nu Chu	Female	2017.01.01	33,006	0.01	0	0	0	0	Department of Accounting, Tamkang University Assistant Officer, Deloitte Touche Tohmatsu Limited	None	None	None	None	None

Note1: Where the Chairman, President or person holds an equivalent position (the highest level management) of the Company are the same person, spouses, or relatives within the first degree of relationship, an relevant explanation shall be given regarding the information on the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (including methods such as increasing the number of seats for Independent Directors and more than half of the Directors shall not hold a position as employees or managements).

Note 2: Employee share subscription warrants and new restricted employee shares held by executive managers: None.

### III. Remuneration paid during the most recent year to Directors, President, and Vice Presidents

#### (I) Compensations Paid to Non-Independent Directors and Independent Directors

Unit: NT\$ thousands, as of December 31, 2023

Title	Name	Compensation Paid to Directors								Sum of A, B, C and D		Sum of A, B, C and D as A Percentage of Net Income (%)		Compensation Received by a Director Who is Also an Employee								Sum of A, B, C, D, E, F and G		Sum of A, B, C, D, E, F and G as A Percentage of Net Income		Compensation Paid to Directors by Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay and Pension(B)		Remuneration to Directors(C) (Note1)		Allowances (D)						Salary, Bonus and Allowance (E)		Severance Pay and Pension (F)		Remuneration to Employees (G)								
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock	Cash	Stock	The Company	Consolidated Entities	The Company	Consolidated Entities	
Chairman	Hung-Ta Lin (Note2) (Representative of China Steel Corporation)																									
	Hung-Chang Chang (Note2) (Representative of China Steel Corporation)																									
Non-independent Director Non-independent Director	China Steel Corporation																									
	Taiwan Cement Corporation																									
	China Steel Structure Corporation																									
	Asia Cement Corporation																									
	Universal Cement Corporation																									
	China Steel Chemical Corporation																									
	Southeast Cement Corporation																									
	Hsiang-Ya Huang (Representative of China Steel Corporation)																									
	Shui-Sheng Hung (Note2) (Representative of China Steel Corporation)	0	0	0	0	7,388	7,388	4,356	4,422	11,744	11,810	1.40	1.41	12,514	12,593	201	201	836	0	836	0	25,295	25,440	3.01	3.03	7,996
Chih-Hong Lin (Note2) (Representative of China Steel Corporation)																										
Wen-Hsien Chou (Note2) (Representative of China Steel Corporation)																										
Chien-Chiang Huang (Representative of Taiwan Cement Corporation)																										
Yin-Te Wu (Representative of Taiwan Cement Corporation)																										
Jui-Teng Chen (Note3) (Representative of China Steel Structure Corporation)																										



## Range of Compensation

Range of compensation paid to Directors of the Company	Directors' Name			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	Consolidated Entities	The Company	Parent Company and Affiliates
Under NT\$1,000,000	China Steel Structure Corporation, Universal Cement Corporation, China Steel Chemical Corporation, Southeast Cement Corporation, Hung-Ta Lin, Hung-Chang Chang, Hsiang-Ya Huang, Chih-Hong Lin, Shui-Sheng Hung, Wen-Hsien Chou, Chien-Chiang Huang, Yin-Te Wu, Chih-Hsien Chen, Chen-He Chung, Jui-Teng Chen, Huo-Kun Chen, Zhi-Yuan Hou, Yi-Hung Chen, Chang-Zhi Wu, Chun-Hsien Wang, Fu-Tien Jeng, Chung-Chia Yang	China Steel Structure Corporation, Universal Cement Corporation, China Steel Chemical Corporation, Southeast Cement Corporation, Hung-Ta Lin, Hung-Chang Chang, Hsiang-Ya Huang, Chih-Hong Lin, Shui-Sheng Hung, Wen-Hsien Chou, Chien-Chiang Huang, Yin-Te Wu, Chih-Hsien Chen, Chen-He Chung, Jui-Teng Chen, Huo-Kun Chen, Zhi-Yuan Hou, Yi-Hung Chen, Chang-Zhi Wu, Chun-Hsien Wang, Fu-Tien Jeng, Chung-Chia Yang	China Steel Structure Corporation, Universal Cement Corporation, China Steel Chemical Corporation, Southeast Cement Corporation, Chih-Hong Lin, Shui-Sheng Hung, Wen-Hsien Chou, Chien-Chiang Huang, Yin-Te Wu, Chih-Hsien Chen, Chen-He Chung, Jui-Teng Chen, Huo-Kun Chen, Zhi-Yuan Hou, Yi-Hung Chen, Chang-Zhi Wu, Chun-Hsien Wang, Fu-Tien Jeng, Chung-Chia Yang	China Steel Structure Corporation, Universal Cement Corporation, China Steel Chemical Corporation, Southeast Cement Corporation, Shui-Sheng Hung, Chien-Chiang Huang, Yin-Te Wu, Chih-Hsien Chen, Chen-He Chung, Jui-Teng Chen, Huo-Kun Chen, Zhi-Yuan Hou, Yi-Hung Chen, Chang-Zhi Wu, Chun-Hsien Wang, Fu-Tien Jeng, Chung-Chia Yang
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	Taiwan Cement Corporation, Asia Cement Corporation	Taiwan Cement Corporation, Asia Cement Corporation	Taiwan Cement Corporation, Asia Cement Corporation	Taiwan Cement Corporation, Asia Cement Corporation, Wen-Hsien Chou
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	None	None	Hung-Chang Chang	Hung-Chang Chang, Chih-Hong Lin
NT\$3,500,000 (inclusive) - NT\$5,000,000 (not inclusive)	None	None	Hung-Ta Lin	None
NT\$5,000,000 (inclusive) - NT\$10,000,000 (not inclusive)	China Steel Corporation	China Steel Corporation	China Steel Corporation, Hsiang-Ya Huang	China Steel Corporation, Hung-Ta Lin, Hsiang-Ya Huang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	None	None	None	None
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	None	None	None	None
NT\$30,000,000 (inclusive) - NT\$50,000,000 (not inclusive)	None	None	None	None
NT\$50,000,000 (inclusive) - NT\$100,000,000 (not inclusive)	None	None	None	None
NT\$100,000,000 and above	None	None	None	None
Total	25	25	25	25

## Compensation Paid to President and Vice Presidents

Unit: NT\$ thousands, as of December 31, 2023

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Remuneration to Employees (D)				Sum of A, B, C and D of Net Income (%)		Sum of A, B, C and D as A Percentage of Net Income (%)		Compensation Paid by Non-consolidated Affiliates or Parent Company
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	The Company	Consolidated Entities	
								Cash	Stock	Cash	Stock					
President	Hsiang-Ya Huang															
Vice President	Kuo-Yuan Chen	8,078	8,078	370	370	8,868	8,993	2,494	0	2,494	0	19,810	19,935	2.36	2.37	164
	Hung-Shu Chung															
	Kuan-Nan Lin															

## Range of Compensation

Range of compensation paid to Presidents and Vice Presidents of the Company	Name of President and Vice President	
	The Company	Parent Company and Affiliates
Under NT\$1,000,000	None	None
NT\$1,000,000 (inclusive) - NT\$2,000,000 (not inclusive)	None	None
NT\$2,000,000 (inclusive) - NT\$3,500,000 (not inclusive)	None	None
NT\$3,500,000 (inclusive) - NT\$5,000,000 (not inclusive)	Kuo-Yuan Chen, Hung-Shu Chung, Kuan-Nan Lin	Kuo-Yuan Chen, Hung-Shu Chung, Kuan-Nan Lin
NT\$5,000,000 (inclusive) - NT\$10,000,000 (not inclusive)	Hsiang-Ya Huang	Hsiang-Ya Huang
NT\$10,000,000 (inclusive) - NT\$15,000,000 (not inclusive)	None	None
NT\$15,000,000 (inclusive) - NT\$30,000,000 (not inclusive)	None	None
NT\$30,000,000 (inclusive) - NT\$50,000,000 (not inclusive)	None	None
NT\$50,000,000 (inclusive) - NT\$100,000,000 (not inclusive)	None	None
NT\$100,000,000 and above	None	None
Total	4	4

### (III) Employee Remuneration Distributed to Managerial Personnel and Distribution Situation

As of December 31, 2023, Unit: NT\$ thousands

	Title	Name	Amount of Stock	Amount of Cash	Total	Total Amount as A Percentage of Net Income (%)	
Managerial Personnel	President	Hsiang-Ya Huang	0	5,471	5,471	0.65	
	Vice President						Kuo-Yuan Chen
							Hung-Shu Chung
							Kuan-Nan Lin
	Assistant vice president, GBFS Cement Division	Tung-Yuan Chang					
	Assistant vice president, Resource Reutilization Commercial Division	Chao-Kuei Huang					
	Assistant vice president, Resource Reutilization Production Division	Chun-Chang Cheng					
	Assistant vice president, Administration Division	Ching-An Lin					
	Chief Corporate Governance Officer						
	Chief, Auditor	Yih-Tien Lu					
	Chief, Research & Technology Division	Teng-Ker Hsu					
	Accounting Supervisor	Vivian, L.C. Cheng					
Financial Manager	Shu-Nu Chu						

**(IV) Analysis on proportion of compensation paid to Directors, President and Vice Presidents of the Company to net income in the most recent two years; description of policies, standards and portfolios of compensation payments; procedures for determining compensation and correlation of such compensation with business performance and future risks**

Title	2023 Percentage of the total remuneration paid to Directors, President, and Vice Presidents of the Company on net profit after tax (%)		2022 Percentage of the total remuneration paid to Directors, President, and Vice Presidents of the Company on net profit after tax (%)	
	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
Director	4.89	4.91	4.96	5.00
President and Vice president				

Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. **Directors:** According to the requirements under Article 17 of the Company's Articles of Association, the traffic expense of Directors, compensation of Independent Directors, and salaries of the Chairman shall be determined by the Board of Directors with reference to the standards within relevant industries and of listed companies. The distribution ratio of remuneration paid to the Company's Directors is based on the requirements under Article 30 of the Company's Articles of Association; when the Company recorded profits in any given year, the Board of Directors shall appropriate no more than 1% as the remuneration for Directors. The results of the Director's performance evaluation stated in Article 9 under the Company's "Rules for Performance Evaluation of the Board of Directors" (excluding Independent Directors) shall serve as the references for determining the allocation of Directors' remuneration. The Company had completed the Directors' performance evaluation for 2023 and established its Principles for the Allocation of Directors' Remuneration according to the "Rules for Performance Evaluation of the Board of Directors." The Company will distribute Directors' remuneration according to the allocation principles subsequently.
2. **Chairman and managerial officers section:** The evaluation of the Chairman, President, and Vice President of the company is based on their position responsibilities, and linked to the overall performance of the company. The indicators for evaluation are explained in the table below, and at the end of the year, they serve as the basis for annual salary adjustments, bonuses, and employee compensation, based on actual achievements. Relevant performance appraisal and remuneration rationality must be reviewed by the Remuneration Committee and the Board of Directors, and reviewed in a timely manner according to the actual operating conditions and changes in laws and regulations, in order to seek a balance between the Company's sustainable operation and risk control.

Evaluation Indicator Items	Evaluation Indicator Content
Financial Indicators	Depending on the position of the managerial officers, Evaluation Indicators such as revenue, pre-tax earnings, or operating profit are used.
Effectiveness of Strategy and Action Plan Execution	Annual Action Plan Approved by the Board of Directors
ESG Performance	The evaluation dimensions include: (I) Environment (e.g. energy management and GHG emissions management) (II) Social (e.g. supplier and contractor management, social welfare, and community relations) (III) Governance (e.g. corporate governance and information security management)
Occupational Safety and Health Management	Comprehensive assessment is conducted based on the type of occupational accidents (if any), penalties, and efforts to promote occupational safety and environmental protection.
Other	For example: corporate governance and corporate image, leadership and communication coordination, internal management and corporate image.

#### IV. Implementation of Corporate Governance

At present, the Board of the Company has 15 Directors, including 12 Non-Independent Director and 3 Independent Directors. The Board meeting shall be convened once every quarter. The Board meeting is primarily responsible for reviewing and discussing significant business and financial decisions, formulation of significant rules, and the engagement or dismissal of managers and CPAs of the Company.

The Company has its Internal Auditor Office in place that subordinates to the Board of Directors. The Auditor is primarily responsible for evaluating and assisting the Company and subsidiaries in improving the design and operations of various internal control systems, ensuring projects, organizational and supervising procedures may effectively achieve the Company's goal, ensuring the effective implementation of internal control systems, and assisting the Board and management in duly performing their duties.

##### (I) Operation of the Board of Directors

The board of directors is held 7 times (A) from January 2023 to March 2024, with the attendance of directors as follows:

Title	Name	Attendance in Person	Attendance in Person(B)	Attendance by Proxy(A)	Percentage of Attendance in Person (%) (B/A)	Remarks
Chairman	Hung-Ta Lin	China Steel Corporation	7	0	100	
Chairman	Hung-Chang Chang	China Steel Corporation	2	0	100	Dismissed on June 1, 2023
Director	Hsiang-Ya Huang	China Steel Corporation	7	0	100	
Director	Chih-Hong Lin	China Steel Corporation	6	1	86	
Director	Wen-Hsien Chou	China Steel Corporation	3	0	100	Succeeded on June 1, 2023 Dismissed on November 21, 2023
Director	Shui-Sheng Hung	China Steel Corporation	2	0	100	Succeeded on November 21, 2023
Director	Chien-Chiang Huang	Taiwan Cement Corporation	6	1	86	
Director	Yin-Te Wu	Taiwan Cement Corporation	7	0	100	
Director	Huo-Kun Chen	China Steel Structure Corporation	5	0	100	Dismissed on December 1, 2022
Director	Jui-Teng Chen	China Steel Structure Corporation	1	1	50	Succeeded on December 1, 2023
Director	Chih-Hsien Chen	Asia Cement Corporation	7	0	100	
Director	Chen-He Chung	Asia Cement Corporation	7	0	100	
Director	Zhi-Yuan Hou	Universal Cement Corporation	5	2	71	

Title	Name	Attendance in Person	Attendance in Person(B)	Attendance by Proxy(A)	Percentage of Attendance in Person (%) (B/A)	Remarks
Director	Yi-Hung Chen	China Steel Chemical Corporation	7	0	100	
Director	Chang-Zhi Wu	Southeast Cement Corporation	6	0	100	Dismissed on January 24, 2024
Director	Rong-Tzong Tang	Southeast Cement Corporation	1	0	100	Succeeded on January 24, 2024
Independent Director	Chun-Hsien Wang		7	0	100	
Independent Director	Chung-Chia Yang		7	0	100	
Independent Director	Fu-Tien Jeng		7	0	100	

Other matters to be noted:

1. If any of the following applies to the operation of Board of Directors, the date and session of the Board Meeting, the content of proposals, Independent Directors' opinions, and the Company's actions in response to Independent Directors' opinions shall be stated:

(1) Items listed in Article 14-3 of the Securities and Exchange Act: Please refer to section 1. (1) "Other matters to be noted" in the "Operation of Audit Committee" on Page 40 to 42 of this annual report.

(2) In addition to the preceding matter, other resolutions of the Board Meetings on which Independent Directors have dissenting opinions or qualified opinions, and that are documented or issued through written statements: None.

2. Recusal of Directors due to conflict of interests (the name of the Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated):

The Director recused oneself from the discussion and voting according to the conflict to interests requirements as the Director or the corporate it represented is an interested party in the following proposal :

Date of Meeting	Session	Proposal	Name of the Abstaining Director	Reason for Recusal
2023.02.03	5th Meeting of the 12th Session	The President's Salary Standard Proposal	Hsiang-Ya Huang	Related to its own interests
2023.05.04	6th Meeting of the 12th Session	Donation to CSC Group Education Foundation as its operating funds	Hung-Chang Chang, Hung-Ta Lin, Hsiang-Ya Huang, Chih-Hong Lin, Huo-Kun Chen, Yi-Hung Chen	The corporate represented by the Director is the related party to the counterparty of the donation
2023.07.31	8th Meeting of the 12th Session	The Chairman's Salary Standard Proposal	Hung-Ta Lin	Related to its own interests
2023.12.26	10th Meeting of the 12th Session	Chairman and Manager Compensation Adjustment Proposal	Hung-Ta Lin, Hsiang-Ya Huang	Related to its own interests

3. The information of self-evaluation (or peer evaluation) of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Perform Once A Year.	2023.01.01 ~ 2023.12.31	Board of Directors, individual Directors, and functional committees (the Audit Committee and the Remuneration Committee)	Internal evaluation of the Board of Directors and self-evaluation of Board members	Internal evaluation of the Board of Directors: Participation in the operation of the Company; improvement of the quality of the Board' decision-making; composition and structure of the Board; election and continuing education of the Directors; and internal control. Self-evaluation of Board members: Alignment of the goals and missions of the Company; awareness of the duties of a Director; participation in the operation of the Company; management of internal relationship and communication; the Director's professionalism and continuing education; and internal control.
Perform every 3 Year.	2021.09.01 ~ 2022.08.31	Board	Commissioned the Taiwan Corporate Governance Association to evaluate	The composition, guidance, authorization, supervision, communication, self-discipline of the Board of Directors, internal control risk management and other matters such as Board of Directors meetings and supporting systems.

The performance evaluation of the Board of Directors (including functional committees) for 2023 covered a total of 4 categories, with 20 self-evaluation indicators each with a full score of 5 points. The above-mentioned evaluation results were reported in the 11th meeting of the 12th session of the Board of Directors on February 26, 2024. The evaluation results are summarized as follows:

- (1) Results of the Board of Directors' performance self-evaluation: The total average score of the questionnaire is 96.20 points; the total average score of the indicators is 4.81 points.
  - (2) Results of the Directors' performance self-evaluation: The total average score of the questionnaire is 97.80 points; the total average score of the indicators is 4.89 points.
  - (3) Results of the Audit Committee's performance self-evaluation: The total average score of the questionnaire is 99.00 points; the total average score of the indicators is 4.95 points.
  - (4) Results of the Remuneration Committee's performance self-evaluation: The total average score of the questionnaire is 98.33 points; the total average score of the indicators is 4.92 points.
4. Evaluation of targets for the strengthening of the functions of the Board of Directors (such as the formulation of the Audit Committee and improvement of information transparency) and execution during the current and the most recent years :
- (1) The Company has its Regulations Governing Procedure for Board Meetings in place as the basis for Board meetings' operations.
  - (2) The Company periodically or a periodically announces significant financial and business information of the Company according to laws and regulations.
  - (3) The Company established its Remuneration Committee. The Remuneration Committee formulates and regularly reviews and evaluates the rationale of the remuneration policy, system, standard and structure for Directors and managers, and submits its recommendations to the Board meeting for discussion.
  - (4) The Company established its Audit Committee. The Audit Committee is responsible for the audit on the effectiveness of the internal control system and other significant matters stipulated by the Company or the competent authority, and it shall submit its recommendations to the Board meeting for discussion.

5. For every Board meeting, does the Company has at least one Independent Director attend in person: Yes

The attendance of independent directors to the board of directors from January 2023 to March 2024							
◎: attend in person; ☆: delegate to attend; *: not attend							
	5th Meeting of the 12th Session (2023.02.23)	6th Meeting of the 12th Session (2023.05.04)	7th Meeting of the 12th Session (2023.06.01)	8th Meeting of the 12th Session (2023.07.31)	9th Meeting of the 12th Session (2023.11.02)	10th Meeting of the 12th Session (2023.12.26)	11th Meeting of the 12th Session (2024.02.26)
Chun-Hsien Wang	◎	◎	◎	◎	◎	◎	◎
Chung-Chia Yang	◎	◎	◎	◎	◎	◎	◎
Fu-Tien Jeng	◎	◎	◎	◎	◎	◎	◎

## **(II) Operations of the Audit Committee:**

The Company's Audit Committee comprises three Independent Directors. The purpose of the Audit Committee is to assist the Board of Directors in supervising the quality and integrity in respect of the implementation of relevant accounting, auditing and financial reporting procedures, and control over finance executed by the Company. The Audit Committee had held six meetings from January 2023 to March 2024; the matters discussed primarily include:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial reports.
11. Other material matters as may be required by this Corporation or by the competent authority.

The key works are compiled as follow:

1. **Review of Financial Report**

The Audit Committee had reviewed the 2023 Business Report, the individual financial statement for the most recent fiscal year and consolidated financial reports, and the surplus distribution proposal, and submitted for the Board's approval. After being certified the CPAs, the Audit Committee issued the review report and submitted at the 2024 Shareholders' Meeting for ratification. The above-mentioned business report, financial reports, and surplus distribution proposal have been reviewed and approved to be correct by the Audit Committee.
2. **Evaluation of the Effectiveness of the Internal Control System**

The Audit Committee had evaluated the effectiveness of the internal control system (including control measures for finance, operations, risk management, information security, outsourcing, and legal compliance), and reviewed the regular reports of the Company's audit department, CPA, and management, including risk management and legal compliance. The Audit Committee considers that the Company's risk management and internal control systems are effective, and the Company had adopted necessary control mechanisms to supervise and correct default behaviors.

### 3. Appointment of CPAs

To ensure the independence of the CPAs, the Audit Committee had conducted an evaluation on the independence, professionalism, and competency of the CPAs and assessed items including whether the CPAs and the Company are related parties to each other, have business dealings, or financial interests. Deliberated on February 23, 2023 to approve certified public accountants all meet the independence criteria standard.

The Company held a total of six meetings (A), where the 12<sup>th</sup> sessions of the Audit Committee under the Board of Directors from January 2023 to March 2024, the attendance and presence of Independent Directors are as follow:

Title	Name	Attendance in Person	Attendance by Proxy	Percentage of Attendance in Person (%)	Remarks
Independent Director	Chun-Hsien Wang	6	0	100	None
Independent Director	Chung-Chia Yang	6	0	100	None
Independent Director	Fu-Tien Jeng	6	0	100	None

Other matters to be noted:

- In the event that the Audit Committee operates under any of the following circumstances, it shall state the date and session of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or material recommendations of the independent directors, the results of the Audit Committee resolution, and the Company's handling of the Audit Committee's opinion.

(1) Items listed in Article 14-5 of the Securities and Exchange Act:

Date and Session	Proposal	Resolution of the Board of Directors / Independent Directors' Opinions and Handling the Opinions	Resolution of the Audit Committee / Independent Directors' Opinions or Major Suggestions
2023.02.23 The 5th meeting of the 12th Board of Directors	2022 annual business report, individual financial report and consolidated financial report	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.02.23 The 4th meeting of the Audit Committee of the 12th Board of Directors	2022 annual surplus distribution	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
	2022 Annual Internal Control System Statement	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
	Changed Certified Public Accountants for the auditing of its Financial Statements	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
	Adjustment of CPA Audit Fees	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None

Date and Session	Proposal	Resolution of the Board of Directors / Independent Directors' Opinions and Handling the Opinions	Resolution of the Audit Committee / Independent Directors' Opinions or Major Suggestions
	2023 Annual Financial Statement Certified Public Accountant Independence and Suitability Evaluation	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.05.04 The 6th meeting of the 12th Board of Directors	The 1st quarter of 2023 consolidated financial report	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.05.04 The 5th meeting of the Audit Committee of the 12th Board of Directors	Donations to the CSC Group Education Foundation	Except for six Directors, including Hung-Chang Chang, Hsiang-Ya Huang, Hung-Ta Lin, Chih-Hong Lin, Huo-Kun Chen, and Yi-Hung Chen, have recused themselves due to the conflict of interests, the proposal was passed by the consents of all attending Directors upon the inquiry of the Chairperson. None	Unanimously approved by all the Committee members Present None
2023.07.31 The 8th meeting of the 12th Board of Directors	The 2nd quarter of 2023 consolidated financial report	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.07.31 The 6th meeting of the Audit Committee of the 12th Board of Directors	Revise the company's Risk Management Policies and Procedures	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.07.31 The 6th meeting of the Audit Committee of the 12th Board of Directors	Revise the company's Internal Control System	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.11.02 The 9th meeting of the 12th Board of Directors	The 3rd quarter of 2023 consolidated financial report	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.11.02 The 7th meeting of the Audit Committee of the 12th Board of Directors			
2023.12.26 The 10th meeting of the 12th Board of Directors	2024 audit plan	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2023.12.18 The 8th meeting of the Audit Committee of the 12th Board of Directors	2023 Risk Management Report	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present Suggestion: Independent director Fu-Tien Jeng suggests that carbon emission issues and their

Date and Session	Proposal	Resolution of the Board of Directors / Independent Directors' Opinions and Handling the Opinions	Resolution of the Audit Committee / Independent Directors' Opinions or Major Suggestions
			impact on operating costs shall be included as key areas of future risk assessment.
2024.02.26 The 11th meeting of the 12th Board of Directors	2023 annual business report, individual financial report and consolidated financial report	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
2024.02.26 The 9th meeting of the Audit Committee of the 12th Board of Directors	2023 annual surplus distribution	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
	2023 Internal Control System Statement	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
	2024 Annual Financial Statement Certified Public Accountant Independence and Suitability Evaluation	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None
	Investment Proposal for the Conversion of the Taichung Grinding Plant from Coal to Natural Gas	Unanimously approved by all the Directors present None	Unanimously approved by all the Committee members Present None

(2) Except for the aforementioned matters, other resolutions which were not being approved by the Audit Committee but resolved by more than two-thirds of all the Directors: None.

2. Recusal of Independent Directors due to conflict of interests (the name of the Independent Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated): None.
3. Communication between the Independent Directors, Chief Auditor, and CPA (significant matters, methods, and results of communication regarding the corporate finance and business conditions shall be included).

(1) The Chief Auditor of the Company reports the audit results to the members of the Audit Committee per month, and who would also instantly report to the members of the Audit Committee for any special occasion. There is no special occasion mentioned above during 2023.

The Audit Committee of the Company maintains satisfactory communication with its Chief Auditor. The interaction between internal audit and independent directors in 2023 is as follows:

<b>Board of Directors Date, period</b>	<b>Proposal content</b>	<b>Independent directors' opinions</b>	<b>Handling the opinions of independent directors</b>
2023.02.23 The 5th meeting of the 12th Board of Directors	Internal audit report	No opinion	N/A
	2022 Annual Internal Control System Statement	Approved	N/A
2023.05.04 The 6th meeting of the 12th Board of Directors	Internal audit report	No opinion	N/A
2023.07.31 The 8th meeting of the 12th Board of Directors	Internal audit report	No opinion	N/A
2023.11.02 The 9th meeting of the 12th Board of Directors	Internal audit report	No opinion	N/A
2023.12.26 The 10th meeting of the 12th Board of Directors	Internal audit report	No opinion	N/A
	Formulation of 2024 Annual Audit Plan	Approved	N/A
<b>Audit Committee Date, period</b>	<b>Proposal content</b>	<b>Independent directors' opinions</b>	<b>Handling the opinions of independent directors</b>
2023.02.23 The 4th meeting of the 12th Audit Committee	2022 Annual Internal Control System Statement	Approved	N/A
2023.12.18 The 8th meeting of the 12th Audit Committee	Formulation of 2024 Annual Audit Plan	Approved	N/A
<b>Other meetings Date, period</b>	<b>Discussion Points</b>	<b>Independent directors' opinions</b>	<b>Handling the opinions of independent directors</b>
2023.05.04 Independent Directors and Audit Communication Meeting	Establishing a culture of continuous improvement	Enhance corporate governance objectives and assist in establishing a culture of continuous improvement	Handled in accordance with the opinions from the independent directors
	Improve the quality of communication between internal audit and various departments	Strengthen communication with the audited units to explain audit findings and recommendations	
	Audit the main risk items identified in the risk assessment of the management department	Based on the business content and risk assessment results of each unit, proactively audit whether each unit has implemented measures to address the main risk items	
	Continuously improving the usability and security of the information system	The Internal Audit Office should conduct an audit and track the results of the investment improvement projects for the company's information security enhancement plan.	
	Promoting Autonomous Internal Control Self-Assessment	The Internal Control System self-assessment should avoid being carried out as a formality and promote the explanation of autonomous internal control self-assessment.	

Other meetings Date, period	Discussion Points	Independent directors' opinions	Handling the opinions of independent directors
2023.11.02 and 2023.11.28 Independent Directors and Audit Communication Meeting	Subsidiaries regularly supervise and improve internal control systems.	Should the establishment of an audit unit for CHC Vietnam be evaluated? Alternatively, has each professional unit of our company been requested to regularly supervise subsidiaries to assist in reviewing and improving the internal control systems of various business cycles in subsidiaries?	The company will evaluate the establishment of a Vietnamese deputy manager in CHC Vietnam to strengthen the audit function. The company will also periodically send personnel to the subsidiary for inspection and supervision to assist in improving the internal control system.
	Statistics and Regular Audits of Occupational Safety and Health Deficiencies	The identified occupational safety and health deficiencies that have been repeatedly found in the past should be classified and compiled. A cross-departmental project team should be formed to regularly review the progress of improving the aforementioned deficiencies.	Handled in accordance with the opinions from the independent directors
	Has the subsidiary been insured with "loyalty insurance"?	Confirm whether the subsidiary has purchased "loyalty insurance" for financial personnel to mitigate risks.	
	Carbon Credit Related Issues in Our Company	Has an assessment been conducted on the impact of carbon inventory, certification, and carbon credits on the company?	The independent director has responded after evaluation by the relevant business unit.
	Carbon Reduction Issues in Subsidiary CHC Vietnam	Assessment of the Impact of the Paris Agreement/European Union Carbon Border Adjustment Mechanism (CBAM) on CHC Vietnam	

- (2) The CPAs of the Company provide periodical reports regarding the audit or review on annual financial statements and other matters for communication required by relevant laws and regulations, and the CPAs would also instantly report to the members of the Audit Committee for any special occasion. There is no special occasion mentioned above during 2023.

The Audit Committee of the Company maintains satisfactory communication with its CPAs. The interaction between certified public accountants and independent directors in 2023 is as follows:

<b>Board of Directors Date, period</b>	<b>Proposal content</b>	<b>Independent directors' opinions</b>	<b>Handling the opinions of independent directors</b>
2023.02.23 The 5th meeting of the 12th Board of Directors	Discussion and communication of 2022 annual business report, individual financial report and consolidated financial report	No opinion, Approved	N/A
2023.05.04 The 6th meeting of the 12th Board of Directors	Discussion and communication related to the consolidated financial report for the 1st quarter of 2023	No opinion, Approved	N/A
2023.07.31 The 8th meeting of the 12th Board of Directors	Discussion and communication related to the consolidated financial report for the 2nd quarter of 2023	No opinion, Approved	N/A
2023.11.02 The 9th meeting of the 12th Board of Directors	Discussion and communication related to the consolidated financial report for the 3rd of 2023	No opinion, Approved	N/A
<b>Other meetings Date, period</b>	<b>Discussion Points</b>	<b>Independent directors' opinions</b>	<b>Handling the opinions of independent directors</b>
2023.02.23 Communication meeting between independent directors and accountants	It mainly focused on the review methods of the 2022 financial statements, key review items and accountants' independence on the discussion.	No opinion	N/A
2023.11.28 Communication meeting between independent directors and accountants	It mainly focused on the review methods of the 2023 financial statements, key review items, accountants' independence, Audit Quality Indicators (AQIs), Quality Management System of Accounting Firms, International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards on the discussion.	No opinion	N/A

**(III) Implementation of corporate governance, its deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such deviations**

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	√		The Company has established its "Corporate Governance Best Practice Principle," which follows the following principles: I. Protect the rights and interests of shareholders. II. Strengthen the powers of the Board of Directors. III. Respect the rights and interests of stakeholders. IV. Enhance information transparency.	No significant difference
II. Shareholding Structure and Shareholders' Rights				
(I) Has the Company formulated internal operating procedures to handle shareholders' recommendations, questions, disputes, and litigations, and implemented these measures accordingly?	√		(I) Where any Shareholder reflects to the Company regarding any recommendation or dispute related to stock affairs, the Company has delegated personnel and agency for stock affairs to handle matters of Shareholders' recommendations, doubts, disputes, and litigations.	No significant difference
(II) Does the Company process the list of its major shareholders and the beneficial owners of these major shareholders?	√		(II) The Company has a list of substantial Shareholders who actually control the Company at all times, and the stock affairs agency, KGI Securities Co., Ltd., is in the Company's assistances.	No significant difference
(III) Has the Company established and executed risk management and firewall system between the Company and its affiliated companies?	√		(III) The Company has established regulations for providing loans, endorsements/guarantees to and having business dealings with its affiliates to manage risks seriously. The Company has a delegated department in place to manage the investment business. The department regularly monitors the operating and financial conditions of the invested companies and is responsible for work related to communication and coordination.	No significant difference
(IV) Has the Company formulated internal regulations to prohibit insider trading?	√		(IV) The Company has established rules, including the "Codes of Ethical Conduct for Directors", "Codes of Ethical Conduct for Executives", "Guidelines for the Recusal of Practitioners Due to Conflicts of Interest", and the "Pocedures for Handling Material Inside Information", that forbid internal parties of the Company to trade securities by utilizing undisclosed information on the market.	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
III. Composition and Responsibilities of the Board of Directors (I) Whether the Board of Directors has formulated a diversity policy, specific management objectives and implemented them?	√		(I) According to Paragraph 2, Article 20 of the "Corporate Governance Best Practice Principle" of the Company, the composition of the Board of Directors shall be determined by taking diversity into consideration. Directors concurrently serving as the Company's officers shall not exceed one-third of the total number of the Board members, and an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs shall be formulated and include, without being limited to, the following two general standards : 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills : A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience The composition of the Board members shall have the knowledge, skills, and experience necessary to perform their duties. The Board of Directors shall possess the following abilities : (1) Ability to make operational judgments. (2) Ability to perform accounting and financial analysis. (3) Ability to conduct management administration. (4) Ability to conduct crisis management. (5) Knowledge of the industry. (6) An international market perspective. (7) Ability to lead. (8) Ability to make policy decisions. The 12th session of the Company's Board of Directors comprises of 15 Directors (including 3 Independent Directors), who possess expertise in operating management, leading and decision-making, industrial	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(II) Other than the remuneration committee and audit committee required by the law, has the Company voluntarily established other functional committees?	√		<p>knowledge, and finances and accounting. The composition of our board of directors already covers diverse aspects. We plan to increase the number of female board members in the next board election, with a target achievement rate of at least 1. Currently, the achievement rate is 0%.</p> <p>For the implementation regarding the diversity policy of Board members, please see Page 25 to 26 of this annual report.</p> <p>(II) The Company has established its Remuneration Committee and Audit Committee according to the law. In addition, in line with concepts of corporate social responsibility and sustainable operation, the Company has otherwise established its Corporation Sustainable Development Committee.</p>	No significant difference
(III) Has the Company formulated rules and methods for evaluating the performance of the Board of Directors, implemented such evaluations every year and reported the results of performance evaluation to the Board of Directors; moreover, taken it as reference in compensation and denomination of individual directors?	√		(III) The Company has established its "Rules for Performance Evaluation of the Board of Directors", and reported the evaluation result to the Board of Directors.	No significant difference
(IV) Does the Company regularly evaluate the independence of CPAs?	√		(IV) The Company requested the CPAs to provide the "declaration of independence" and submitted the relevant assessment results to the Board of Directors for discussion on February 23, 2023. For the assessment of the independence and suitability of the CPAs, please refer to the note on page 52 to 53 of this annual report.	No significant difference
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a company secretary in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors,	√		The position of Chief of Corporate Governance is to be held by Ching-An Lin, the Assistant Vice President of the Administration Division. The main duties of this position are to handle matters related to Board meetings and Shareholders' Meetings and prepare meeting minutes, to assist Directors in on-boarding and continuous training, to provide Directors with the information required for business execution, and to assist Directors in legal compliance as	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
assisting directors and supervisors with legal compliance, handling matters related to Board Meetings and Shareholders' Meetings, and producing minutes of Board Meetings and Shareholders' meetings)?			well as other matters stipulated in the Articles of Incorporation or contracts. The training for Chief of Corporate Governance please see page 80 to 81 of this annual report. The Chief of Corporate Governance is responsible for supervising the corporate governance of the Company and the execution of relevant matters of corporate governance according to the duties and responsibilities of the delegated departments, including contacting Directors (including Independent Directors), holding Board meetings according to the law, assisting Directors in legal compliance and prepare meeting minutes for the Board meetings by the Planning Department, providing Directors (including Independent Directors) with the information required for business execution, holding Shareholders' Meetings according to the law, and preparing meeting minutes for the Shareholders' Meetings by the Finance Department.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder's section on corporate website and adequately respond to stakeholders' inquiries on material corporate social responsibility (CSR) issues?	√		Our company has established a smooth communication channel with all stakeholders, and reported the communications with the stakeholders to the Board of Directors on December 26, 2023 : Shareholders : 1.Shareholders' Meeting is convened in Q2 every year. Each motion is voted on a case-by-case basis, allowing investors to fully participate in the motion voting process. 2.The Company Issues Shareholders' annual report and business report every year for investors to make inquiries online or request for paper-based information. 3.The Company announces its operating revenue, statistics for the sales of various products, and self-assessed earnings for the previous month on the MOPS and the Company's website. Employees : Labor-management meetings, departmental communication seminars, employee welfare committee meetings, and occupational health and safety committee meetings are held regularly. Customers : 1. The Company adopts methods of customer satisfaction survey (every year), quality guarantee, market	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
			<p>survey, and periodic/aperiodic visits to acquire customers' feedback.</p> <p>2. The Company strengthened its technical services, proactively responds to customers' demands, and provides products with stable quality.</p> <p>3. The Company developed new innovative products and new businesses to provide quality and comprehensive services for customers. In addition, the Company's website (<a href="https://www.chc.com.tw/">https://www.chc.com.tw/</a>) has special zones for stakeholders and CSR, which helps the Company to understand issues concerned by stakeholders and allows the Company to make certain responses. The Company also refers to feedback and opinions from all parties as the basis for our continual improvements.</p>	
VI. Does the Company commission a professional stock transfer agent to handle shareholders' meetings related affairs?	√		The Company engaged KGI Securities Co., Ltd. for its Shareholders' Meeting affairs.	No significant difference
VII. Information Disclosure				
(I) Has the Company established a website to disclose information on financials, business and corporate governance?	√		(I) The Company has "Investor Relationship" and "Products and Services" zones on its website to sufficiently disclose its financial businesses and corporate governance information.	No significant difference.
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	√		(II) The Company has its English website in place, designates personnel to be responsible for the collection and disclosure of corporate information, implements the spokesperson system, and places slide from the investor conferences on the Company's website. The Company also establishes a public information online report system according to the requirements under the "Guidelines for Online Filing of Public Information by Public Companies."	No significant difference.
(III) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	√		(III) The Company announces and files its 2023 annual financial report within two months after the end of the fiscal year. The financial reports for the first, second and third quarters, as well as the operating status for each month were announced before the specified deadline.	No significant difference.

Assessment Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education for directors and supervisors, implementation of risk Management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	√		Related information is summarized as follows.	No significant difference

**For employees' interests and employee caring:**

Employees are critical assets to enterprises. The Company has always attached great attention to talent cultivation and development, and it spares no effort in safeguarding employees' interests, planning employees' welfare, cultivating employee's professional competencies, and establishing a quality working environment of safety and hygiene.

The Company attaches great importance to labor relations. In order to maintain smooth communication channels between the employer and employees, regulate fair and reasonable labor conditions, ensure compliance by both the employer and employees, and develop stable and harmonious labor relations, the Company and the union of CHC Resources Corporation completed the signing of the first group agreement on January 6, 2022. The agreement applies to all employees, setting a milestone for labor harmony and the handling of labor affairs.

**For investor relationships:**

Investors may make use of the Company's website to learn information regarding the Company's finances, businesses and corporate governance, and may further utilize the special line for the spokesperson and e-mails to understand the Company's operating overview and express their opinions. In addition, the Company has designated personnel responsible for handling Shareholders' recommendations.

**For supplier relationships:**

The Company deals with suppliers based on the principle of "mutual respect and free of prejudice," and strictly prohibits relevant procurement personnel from accepting gifts and entertainments provided by suppliers. Besides, the Company implements the supplier evaluation system that refers to the delivery quality, level of cooperation, and performance of environmental safety and hygiene as an important basis for price inquiry or renewal in the future.

**For stakeholders' interests:**

According to the business scope of each department, the Company maintains good communication channels with different stakeholders, and distributes questionnaires every year to get opinions of stakeholders. The Company has also issued the Sustainability Report, which includes the status of communication with the stakeholders and the handling in the report. It also analyzes and formulates management policies for major issues of concern to stakeholders. The Company's communication status with stakeholders has been reported in the Board of Directors meeting on December 26, 2023. A Stakeholders Section has been set up on the Company's website to respond to issues of concern to stakeholders.

**For the execution of risk management policy and risk measuring standards:**

The Company established "Risk Management Policies and Procedures" to evaluate the operation risk, finance risk, hazard risk, asset security risk, compliance risk and other risks on November 5, 2020. To strengthen the risk management mechanism, the Risk Management Policy and Procedures were revised on July 31, 2023, to include the function of the audit committee in assisting the board of directors in carrying out risk management work.

Such risk management procedures include risk identification, risk measurement, risk response, risk monitoring and risk report. The CSR Management Committee measures and monitors the quality of risk management, and submits

risk reports to the Board of Directors on regular basis. The Company also establishes stringent control measures and purchases related insurance policies to reasonably control the overall operating risks of the Company.

**For the execution of customer policies:**

The Company makes recommendations to customers for adjusting the product combination or adopting customized products according to the engineering requirements of the customers and provides professional customer services. In addition, the Company conducts customer satisfaction surveys on an annual basis to continuously improve its product and service quality based on the survey results.

**For the purchase of liability insurance for Directors:**

The Company had purchased liability insurance for its Directors and submitted the report to the Board meeting on July 31, 2023 according to the Company's Corporate Governance Best Practice Principle.

**For further education of the Company's Directors, please see pages 82 to 84 of this annual report.**

IX. Improvements made in the most recent year in response to the results of Corporate Governance Evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:

(I) Description of the improvement for the 2023 corporate governance evaluation:

No. 2.24: Has the Company established an information security risk management framework, formulated information security policies, specific management plans and invested resources in information security management and disclosed on the Company's website or annual report? (The information security management system standards such as ISO27001 and CNS27001 or other systems or standards with equivalent or higher effects are introduced, and third-party verification is obtained.)

ISO27001 Information Security Management System Standard was introduced in 2023 and obtain third-party verification and disclose it on the company website.

(II) Priority improvements and measures proposed for items not yet improved are described as follow :

No. 2.14: Does the company have any functional committees, such as the nomination committee, risk management committee, or sustainable development committee, in addition to the statutory committees? These committees should have at least three members, with a majority of independent directors. Additionally, there should be at least one member with the necessary expertise for the committee's responsibilities, and can disclose the composition, responsibilities, and operations of these committees.

The number of members set up in 2024 shall be no less than three, with more than half of the members being independent directors of the Sustainable Development Committee.

No. 3.20: Has the company been invited to hold at least two corporate briefings (on its own) and disclosed at least two complete meeting video links, with a gap of at least three months between the first and last corporate briefings of the evaluated year?

The corporate briefing is scheduled to be held in the third and fourth quarters of 2024.

Note: The CPA's independence evaluation was conducted at the Board meeting on February 23, 2023. The item of evaluation is detailed in the table below:

Item of Evaluation	Evaluation Results	Compliance with Independence
1. Does the CPAs have a direct or indirect significant relationship of financial interests with the Company.	No	Yes
2. Does the CPA have a business relationship with the Company that affects its independence.	No	Yes
3. Do the CPA and the members of its audit team hold positions as a Director, manager, or other positions with significant effects on the audit work of the Company at present or in the past two years.	No	Yes
4. Did the CPA provide any non-audit service item to the Company that may directly affect the audit work.	No	Yes
5. Has the CPA served as an agent for the stock or other securities issued by the Company.	No	Yes
6. Does the CPA hold the position of the Company's defender or coordinate on behalf of the Company regarding conflicts with other third parties.	No	Yes
7. Is the CPA a lineal relative by blood, a lineal relative by marriage, or a relative within the second degree of kinship of the Company's Director or manager.	No	Yes
8. Has the CPA accepted any gift or present with a significant value from the Company.	No	Yes

The Audit Committee of the Company assesses the suitability of the CPAs annually and requests the CPAs to provide the "Audit Quality Indicators (AQIs)" for evaluation.

With reference to the AQI information to confirm that the number of training hours and the turnover rate of the accountants and the firm are better than the average level of the industry. In addition, in the past three years, the firm has also been continuously introducing cloud-based audit platforms and tools, applying digital technology, expanding audit support centers, and enhancing project management to improve audit quality. The results of the most recent annual assessment were discussed and approved by the Audit Committee on February 26, 2024 and reported to the Board of Directors for approval of the assessment of the independence and suitability of the accountants.

**(IV) When having the Remuneration Committee in place, the Company shall disclose its composition, duties, and operations**

In accordance with Article 14-6, Paragraph 1 of the Securities and Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", the Company resolved to establish a Remuneration Committee at the 8th Meeting of the 8th Board of Directors held on December 29, 2011.

In accordance with Article 2 of the "Remuneration Committee Chapter" of the Company, the members of the Remuneration Committee shall be appointed by the Board of Directors with resolution and shall consist of three members for the same term as the terms of office for Board of Directors. Currently, it is the 12th Board of Directors' Remuneration Committee, and the term of office of the members is from Jun. 23, 2022 to Jun. 22, 2025.

1. Information on Remuneration Committee

Title	Criteria Name	Professional qualification requirements and experience	Independence criteria	Number of Other Public Companies in Which the Member Concurrently Serves as a Remuneration Committee Member
Independent Director	Chun-Hsien Wang	Former General Audit of Prince Housing & Development Corp. and TSRC with accounting and finance profession.	1. The individual, his/her spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliated companies. 2. The individual, spouse, or relatives of second-degree kinship, (or by nominee agreement) does not have shareholdings of the Company. 3. Not a director, supervisor or employee of a company with which the Company has a specific relationship. 4. The individual has not provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years.	2
Independent Director	Chung-Chia Yang	Served as Professor of Dept. Harbor & River Engineering, National Taiwan Ocean University with concrete material and structure professions.	1. The individual, his/her spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliated companies. 2. The individual, spouse, or relatives of second-degree kinship, (or by nominee agreement) does not have shareholdings of the Company.	0

Title	Criteria		Professional qualification requirements and experience	Independence criteria	Number of Other Public Companies in Which the Member Concurrently Serves as a Remuneration Committee Member
	Name				
				3. Not a director, supervisor or employee of a company with which the Company has a specific relationship. 4. The individual has not provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years.	
Independent Director	Fu-Tien Jeng	Former Professor of Graduate Institute of Environmental Engineering, National Taiwan University with environmentally-friendly profession.		1. The individual, his/her spouse, and relatives within the second degree of kinship are not directors, supervisors, or employees of the Company or its affiliated companies. 2. The individual, spouse, or relatives of second-degree kinship, (or by nominee agreement) does not have shareholdings of the Company. 3. Not a director, supervisor or employee of a company with which the Company has a specific relationship. 4. The individual has not provided the Company or its affiliates commerce, law, financial, or accounting services and obtained compensation within the last two years.	0

## 2. Operation of Remuneration Committee

- (1) The Remuneration Committee of the Company is composed of three members.
- (2) Term of office for members of the 12th session: From June 23, 2022 to June 22, 2025. The Remuneration Committee held four meetings (A) during 2023; the attendance members are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remarks
Convener	Chun-Hsien Wang	4	0	100%	Succeeded on July 4, 2016
Committee Members	Chung-Chia Yang	4	0	100%	Succeeded on February 2, 2018
	Fu-Tien Jeng	4	0	100%	Succeeded on October 18, 2018

Other matters to be noted:

- I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date, session, the content of proposals, resolutions of the Board Meeting and the Company's action in response to opinions from the Remuneration Committee shall be specified (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be specified): None.
- II. If any member of the Remuneration Committee has dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date, session, the content of proposals, all the members' opinions of the meeting of the Remuneration Committee, and the action in response to these opinions shall be specified: None.

## (3) Annual operation :

<b>Remuneration Committee Meeting Date and Session</b>	<b>Resolution</b>	<b>Resolutions of the Remuneration Committee</b>	<b>Handling of opinions from the committee members</b>	<b>The Board of Directors decline to adopt, or modify recommendations of the remuneration committee</b>
2023.02.23 3rd Meeting of the 12th Session	<ol style="list-style-type: none"> <li>1. Proposal for 2022 Compensation distribution of Directors.</li> <li>2. Proposal for salary standard of President Hsiang-Ya Huang proposed for approval.</li> <li>3. To formulate the Company's President and Vice President 2023 annual performance evaluation items.</li> </ol>	The members of the Remuneration Committee unanimously approved all the resolutions	N/A	None
2023.06.01 4th Meeting of the 12th Session	<ol style="list-style-type: none"> <li>1. 2022 performance evaluation results of the Chairman and President and Vice President.</li> <li>2. Proposal for 2022 year-end bonus distribution of the President and Vice President.</li> <li>3. Proposal for 2022 incentives distribution of the President and Vice President.</li> </ol>	The members of the Remuneration Committee unanimously approved all the resolutions	N/A	None
2023.07.31 5th Meeting of the 12th Session	<ol style="list-style-type: none"> <li>1. Proposal for salary standard of Chairman Hung-Chang Chang proposed for approval.</li> <li>2. Proposal for the amendment of the "Employee Compensation Distribution Policy," submitted for review and approval.</li> <li>3. Proposal for 2022 remuneration distribution of the Chairman, President and Vice President.</li> </ol>	The members of the Remuneration Committee unanimously approved all the resolutions	N/A	None
2023.12.26 6th Meeting of the 12th Session	Proposal for the salary adjustment of the Chairman, President and Vice President .	The members of the Remuneration Committee unanimously approved all the resolutions	N/A	None

**(V) Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof**

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Whether the company has established a governance framework to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development initiatives handled by senior management with the delegation from the Board of Directors, and supervised by the Board of Directors?	√		<p>To fulfill its corporate social responsibility and implement the concept of sustainable development, the Company established the Corporate Social Responsibility Committee in 2009 and renamed it as the Corporation Sustainable Development Committee in 2021, which served as the highest-level decision center for sustainable development within the company. The Chairman of the Board of Directors serves as the chief member, and together with a number of senior executives from different fields, they review the Company's core operational capabilities and formulate medium- and long-term sustainable development plans.</p> <p>In accordance with Corporation Sustainable Development Committee Chapter, the Committee is composed of a chief member served by the Chairman, 1 to 4 vice chief member served by supervisors with level above Vice President, and an executive center with a chief executive officer. Underneath of the executive center, there are environmental sustainability team, circular economy team, operation development team, community relation team and risk management team.</p> <p>“Corporation Sustainable Development Committee” is served as the cross-departmental communication platform for upward and downward integration and horizontal tandem. Through regular meetings and issue-based team, we identify sustainability issues of concern to the company's operations and stakeholders, formulate corresponding strategies and work directions, prepare budgets for each organization and sustainable development, plan and implement annual programs, and track the effectiveness of implementation to ensure that sustainable development strategies are fully implemented in the company's daily operations. Chief of “Corporation Sustainable Development Committee” regularly report to the Board of Directors the promotion and execution outcome for various work. A total of 2 meetings are held in 2023 with the following motions included:</p> <ol style="list-style-type: none"> <li>1. The 1st meeting in 2023: Implementation of short-term ESG goals in 2023.</li> <li>2. The 2nd meeting in 2023: (1) Implementation of short-term ESG goals. (2) Review on a rolling basis for ESG promotion's short-, medium-, and long-</li> </ol>	No significant difference

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>term goals.</p> <p>(3) 2023 Risk Management Report.</p> <p>The Board of Directors receives regular reports from the management team (including the ESG report) and the management must present the Company's strategy to the Board. The Board evaluates the feasibility of the strategy, reviews the results of its implementation and urges the management team to make adjustments when necessary.</p>	
<p>II. Has the Company conducted risk assessment on environmental, social and corporate governance issues related to corporate operations and formulated relevant risk management policies or strategies based on materiality principle? (The materiality principle refers to the environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.)</p>	√		<p>The core team of the Company's Corporation Sustainable Development Committee identifies and confirms material topics according to the impact of each issue on the Company's operations with reference to the Company's sustainable development policies, international standards and regulations, issues of concern to domestic benchmark enterprises and issues of concern to the industry. Based on this, risk assessment is carried out, and the assessment boundary is mainly based on the Company. The 2023 Risk Management Report was proposed for 2023 risk identification and response actions, approved by the Corporate Sustainable Development Committee on December 8, 2023, submitted to the Audit Committee on December 18, 2023 and the Board of Directors on December 26, 2023. Please refer to page 67 to 68 of this annual report for details.</p>	No significant difference
<p>III. Environmental Issues</p> <p>(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?</p>	√		<p>(I)</p> <p>i. In accordance with ISO 14001, we conduct annual internal audits of environmental management and third-party audits of management measures, and conduct regular regulatory reviews of relevant environmental laws and regulations to confirm that all operational processes comply with the regulations.</p> <p>ii. Since the introduction of our environmental management system, we have been checking the environmental impact of all activities and operations by identifying environmental aspects. In 2023, our environmental management system ISO 14001:2015 was audited by British Standards Institute, Taiwan Branch externally with successful third-party verification on December 27, 2023 to maintain the effectiveness of the system. Our environmental management system is well established. We have passed and obtained many international standards such as ISO 9001, ISO 14001, ISO 14064-1,</p>	No significant difference

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Is the Company committed to improving resource utilization efficiency and to the use of renewable materials with low environmental impact?	√		<p>ISO 14067 (product carbon footprint verification), ISO 50001, water footprint, carbon neutral, BS 8001, TCFD, ISO 46001 (Water Resource Efficiency Management System) and other international standards.</p> <p>(II)</p> <ol style="list-style-type: none"> <li>i. Since our establishment, we have devoted ourselves to the production of energy saving and emission reducing green building materials, so as to make slag, blast-furnace slag cement and other related products into environment-friendly green building materials.</li> <li>ii. We continued to operate the ISO 50001 energy management system to improve energy management performance and energy use efficiency.</li> <li>iii. In 2023, we invested approximately NT\$10,500,000 in process improvement, and replaced equipment etc., reduced electricity consumption by more than 341,183 kWh/year and reduced 173,662 kg (CO<sub>2e</sub>) emissions. Description as follows: <ol style="list-style-type: none"> <li>(1) Plant A of the Kaohsiung grinding plant implemented the replacement of the main motor of the second line mill to improve the operating efficiency by over 3% and save more than 200,000 kWh of electricity every year.</li> <li>(2) Plant B of the Kaohsiung grinding plant implemented the replacement of the third line air compressor 463-1 to improve the operating efficiency by over 3% and save more than 73,093 kWh of electricity every year.</li> <li>(3) The Taichung Grinding Plant carried out the replacement of air compressor to improve energy efficiency and save more than 20,000 kWh of electricity each year.</li> </ol> </li> </ol>	No significant difference
(III) Has the Company evaluated the current and future potential risks and opportunities of climate change, and adopted countermeasures?	√		<p>(III) The Company accessed its risks and opportunities of climate change in accordance with the TCFD proposal framework, and disclosed such information in the Sustainability Report. In December 2021, we established the "Climate Change Response Task Force" to continuously plan and utilize the TCFD framework. Through cross-departmental discussions, we conducted an inventory of the risks and opportunities associated with climate change, established our own climate risk identification process, and planned countermeasures for climate related issues. In November 2022, The Company's 2022 climate-related financial disclosure report was verified for</p>	No significant difference

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof															
	Yes	No	Summary																
(IV) Has the Company collected statistics of emissions of GHG, the usage of water, and the total weight of waste in the past two years; and formulated, GHG reduction, water saving, and other waste management policies?	√		<p>compliance and maturity by a third-party verification agency, and the results were rated as “Level 5: Excellence”.</p> <p>Regarding climate-related issues and response measures, our company's Climate Change Response Task Force held the fourth and fifth meetings on February 18, 2023, and September 6, 2023, respectively, to continue the ongoing process of rolling adjustments and revisions.</p> <p>(IV)</p> <p>i. GHG emission statistics and management policies:</p> <p>(1) GHG emissions during the most recent 2 years: (The information for scope 1, 2, and 3 covers all plants in Taiwan; however, subsidiary is not included)</p> <p style="text-align: right;">Unit: 10,000-ton CO<sub>2</sub>e/year</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Unit product emissions (kgCO<sub>2</sub>e/ton slag powder)</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>7.5</td> <td>7.1</td> <td>47.06</td> <td>29.9</td> </tr> <tr> <td>2023</td> <td>6.8</td> <td>6.7</td> <td>43.15</td> <td>29.2</td> </tr> </tbody> </table> <p>(2) Management policy: Reduction was approximately 8.04% in 2023 compared to the previous year. The production volume of Ground-Granulated Blast-Furnace Slag(GGBFS) increased by approximately 0.23% as compared with the previous year, the product emission per unit decreased by 3.91(kg CO<sub>2</sub>e/ton GGBFS) and the emission intensity decreased by approximately 8.3%. In 2022, the project to convert the Kaohsiung Grinding Plant to natural gas was initiated. The trial operation began in May 2023, and in October 2023, the project obtained the approval for the modification of the operating permit for fixed pollution sources from the Kaohsiung City Environmental Protection Bureau. As a result, GHG emissions were reduced by approximately over 11,767 t CO<sub>2</sub>e in 2023. In response to climate change and to promote the sustainable operation of the Company, the Company signed the “Corporate renewable Power Purchase Agreement (CPPA)” in October 2022, and renewable energy (solar power) were purchased since March 2023, the renewable energy and certificates with a total of</p>	Year	Scope 1	Scope 2	Unit product emissions (kgCO <sub>2</sub> e/ton slag powder)	Scope 3	2022	7.5	7.1	47.06	29.9	2023	6.8	6.7	43.15	29.2	No significant difference
Year	Scope 1	Scope 2	Unit product emissions (kgCO <sub>2</sub> e/ton slag powder)	Scope 3															
2022	7.5	7.1	47.06	29.9															
2023	6.8	6.7	43.15	29.2															

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof																					
	Yes	No	Summary																						
			<p>2,099,249 kWh were purchased in 2023. In addition, the Company will continue to strengthen the energy saving and carbon reduction of the manufacturing process, carry out comprehensive renewal of old energy consuming equipment, and enhance the energy saving and efficiency of equipment.</p> <p>(3) Verification situation: The Company has been performing GHG inventory and has contracted a third-party verification agency accredited by the Ministry of Environment to obtain verification reports and verification declarations. All of our plants in Taiwan have been inspected in March 20, 2024 and third-party verified by ISO 14064-1 for 2023 in scope 1, 2 and 3.</p> <p>ii. Water consumption statistics and management policies:</p> <p>(1) Our company has been committed to water recycling for many years, and all plants (sites) and stations use tap water. The total water consumption for the last 2 years is shown in the table below:</p> <p style="text-align: right;">Unit: million liter</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water consumption</th> <th>Water-saving percentage (%)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>225</td> <td>3</td> </tr> <tr> <td>2023</td> <td>223</td> <td>1</td> </tr> </tbody> </table> <p>(2) The main uses are cooling water for process equipment and dust sprinkling on roads and stockyards, all of which are recycled. 62.89 million liters of waste are recycled at each plant (site) and station, while rainwater is recycled at the Kaohsiung and Taichung Grinding Plants, estimated at 20,083 cubic meters per year, Total water recycled accounted for approximately 27% of tap water consumption in 2023.</p> <p>iii. Waste product statistics and management policies:</p> <p>(1) Waste production information in the last two years:</p> <p style="text-align: right;">Unit: tons</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Hazardous wastes</th> <th>Non-hazardous wastes</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>2.75</td> <td>39,694.81</td> <td>39,697.56</td> </tr> <tr> <td>2023</td> <td>6.27</td> <td>39,323.21</td> <td>39,329.48</td> </tr> </tbody> </table> <p>Note: Da-fa Plant due to the characteristics of the raw materials and the</p>	Year	Water consumption	Water-saving percentage (%)	2022	225	3	2023	223	1	Year	Hazardous wastes	Non-hazardous wastes	Total	2022	2.75	39,694.81	39,697.56	2023	6.27	39,323.21	39,329.48	
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	Yes	No	Summary	
			<p>requirements of laboratory testing operations, a very small amount of hazardous waste (0.01%) was produced.</p> <p>(2) To achieve sustainable resource reuse, our Company's waste treatment principle gives priority to in-plant reuse to reduce the amount of raw materials, followed by reuse and recycle, and finally incineration or contracted treatment.</p>	
IV. Social Issues				
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	√		(I) The Company complies with governmental regulations and international human rights conventions, and conduct advocacy on human rights-related issues every year. We will continue to be attentive to human rights protection issues and promote related education and training to raise awareness of human rights protection and reduce the possibility of related risks.	No significant difference
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	√		<p>(II) The main items of the Company's remuneration include basic salary, food allowance, year-end bonus, production and sales surplus bonus, etc., and pay for labor and health insurance and reserve pension (including 6% allocated by the new system) according to law. The salary system of CHC Resources supports the basic position of gender equality. The basic salary of men and women is 1:1. The ratio of male supervisors to males is 12.5%, and the ratio of female supervisors to females is 13.39%, indicating that the Company offers equal opportunities for promotion at work, regardless of gender.</p> <p>The employee's performance evaluation is combined with the Company's operating performance, annual strategies and action plans. The individual evaluation results are used as the basis for salary adjustment and bonus issuance.</p> <p>In order to provide favorable working conditions and meet the needs of employee benefits, a total of 19 people from both employers and employees formed the CHC Resources Employee Welfare Committee. Employee benefits include agency credit loan for employees, welfare committee group insurance (including dependents), four-festivity welfare payment, maternity subsidy, children's education scholarship, emergency relief and travel subsidy and contracted merchants, etc.</p>	No significant difference

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof									
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(III) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees?	√		<p>(III) To enhance the Company's risk management capability, ensure the performance of security management and reduce occupational hazards, the Company continues to maintain the operation of the occupational safety and health management system and has successfully converted the relevant system certification to ISO 45001 and CNS 45001, in order to apply the occupational safety and health management system framework and strive to meet the international advanced safety and health standards, and is committed to providing and maintaining a working environment that meets the legal requirements and to continuously improve to eliminate any potential hazards that may cause harm to life and property.</p> <p>In 2023, the company experienced accidents resulting in disability or more. These included one fatal accident involving a contractor, and one temporary total disability accident involving an employee who fell. Both incidents have undergone review and improvement, with improvement plans proposed to change operating procedures and enhance the working environment.</p> <p>The company did not experience any fire accidents in 2023. The company regularly conducts emergency response drills for self-defense fire brigades in accordance with fire regulations. We also invite instructors from the fire department to conduct training courses to enhance the fire knowledge and response capabilities of our colleagues. At the same time, the fire safety facilities in the factory are regularly inspected and maintained, and are checked and reported in accordance with the fire regulations every year. In addition, the site has complied with the requirements of the fire authority by marking the factory layout and the location and quantity of flammable materials on the floor plan, which facilitates their use in emergency situations.</p> <p>The following table shows the training and promotion of work safety in the past two years:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Education Training Person-Time</th> <th>Education Training Person-Hour</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>1,144</td> <td>2,656</td> </tr> <tr> <td>2023</td> <td>1,589</td> <td>4,618</td> </tr> </tbody> </table>	Year	Education Training Person-Time	Education Training Person-Hour	2022	1,144	2,656	2023	1,589	4,618	No significant difference
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(IV) Has the Company established effective career development training programs for its employees?	√		<p>The company has been implementing regular health checkups and special health checkups every year superior than the requirements of the laws and regulations. We also held various health seminars regularly to strengthen employees' concept and awareness of health.</p> <p>In response to the easing of the epidemic situation in 2023, relevant restrictions have gradually been lifted. We continue to conduct regular health checks for employees and organize health seminars on topics such as prevention of hypertension, hyperlipidemia, and hyperglycemia, prevention of heat-related hazards, prevention of hazards in dust operations, and prevention of noise hazards.</p> <p>(IV) According to the different ability development needs of new recruits, professionals, supervisors (including reserve supervisors) and all employees, the company sets up training plans every year.</p>	No significant difference
(V) Does the Company comply with relevant laws and international standards in health, safety, and privacy of consumers as well as marketing and labeling of its products and services, and establish consumer protection policies and appeals procedures?	√		<p>(V) Our company's products and services are mainly for domestic sales, in compliance with CNS national standards, and strictly controlled for quality by a quality control unit that is certified by the national-level laboratory TAF and takes into account internationally recognized standards such as ASTM.</p> <p>Each responsible unit regularly conducts compliance audits and internal audits, and cooperates with the revision and compliance of the latest government regulations. They also established the Customer Service and Satisfaction Survey Procedure and conduct regular customer questionnaire surveys to understand customer needs and issues each year. They analyze the survey results and track the handling of the situation. The company also has a "Customer Feedback and Complaint Handling Procedure" and an email inbox, which are managed by dedicated personnel. In addition to handling customer feedback and grievances according to the established procedure, the results of major issues are reported and reviewed in the ISO Quality Management System Management Review Meeting, serving as references for improvement suggestions and measures.</p>	No significant difference
(VI) Has the Company established supplier management policies, requesting suppliers to comply with relevant regulations on	√		<p>(VI) The company has established a supplier management policy, and its implementation is detailed in Chapter 5 of the company's Sustainability Report.</p>	No significant difference

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
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issues regarding environmental protection, occupational safety and hygiene, or labor rights, and disclosed the implementation?			The company added the required columns to evaluate whether a supplier had any significant prior event that affected environmental protection/labor condition/human rights/society in the survey table before conducting any dealing with the supplier. The company further requested all long-term contracted supply chain vendor to sign the "Supply Chain Vendor CSR Commitment" and established the standard term of "where a supply chain vendor violates CSR and causes significant effects on environmental protection, labor conditions, human rights, and society, the Company may terminate or cancel the contract at any time" in all contracts.	
V. Has the Company adopted internationally recognized standards or guidelines to prepare non-financial reports such as the Sustainability Report? Has the Company obtained a third-party assurance or verification for such reports?	√		The Company's 2022 Sustainability Report published in 2023 was prepared in accordance with the 2021 GRI Sustainability Reporting Standards published by the Global Reporting Initiative (GRI) and the Taiwan Stock Exchange's "Guidelines for Listed Companies to Prepare and File Sustainability Reports." It has been certified by the British Standards Institution (BSI) and is in compliance with the requirements of the GRI Standards and the spirit of AA1000AS v3 Type 1. An independent assurance statement has been issued.	No significant difference
VI. If the Company has established its own sustainable development principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles: The Company has established the "Corporate Sustainable Development Committee" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies". The Company carried out matters related to corporate social responsibility and corporate sustainable development in accordance with the policies formulated by the Committee.				
VII. Other material information helpful to understanding the promotion of sustainable development initiatives: 1. Environmental Protection: So far, the Company had successively passed the ISO 14001 environmental management system verification, ISO 14064 Part I and Part II GHGs specification with guidance and verification, and continued to make improvements to prevent any factors that may lead to environmental pollution. The Company managed to effectively reduce the emissions of air pollutants through proactive improvements in manufacturing procedures, energy-saving, and pollution prevention measures. In addition, six of our products passed the PAS 2050 carbon footprint verification in 2010. The Company made the first domestic, local carbon emission transaction and became the first carbon-neutral corporate in 2011. 8 types of products with 13 product items were re-inspected for their carbon footprints according to the ISO/TS-14067 international standard and had obtained the certification of external parties' verification in 2014, to keep abreast the carbon footprints of products, provide relevant stakeholder information, and serve as a reference for subsequent improvements. In order to strengthen the carbon footprint management mechanism and product labeling, and actively participate in the low carbon transformation of the overall industrial chain, the Company carried out carbon footprint inventory through independent verification agency BSI in accordance with the standards of ISO 14067:2018 and the Product Carbon Footprint Management Guidelines of the Environmental Protection Administration. 16 plants across Taiwan including Kaohsiung Plant, Taichung Plant, Changhua Plant and Miaoli Plant mobilized to carry out the inventory, including granulated blast-furnace slag series, air-cooled blast furnace slag / basic oxygen furnace slag series, resource recovery series and calcium fluoride sludge physical treatment services, covering 14 categories, 19 product carbon footprints and 1 waste treatment service carbon label. The Company also obtained a third-party verification certificate to fully understand the manufacturing process and carbon emission status of each factory				

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			<p>and used these as directions for subsequent improvement. At the same time, the Company proactively provides product carbon footprint information to the Carbon Footprint Database of the EPA Carbon Footprint Information Platform. Through a comprehensive review mechanism, the information is to be included in the domestic basic raw material carbon footprint database, providing reference and application to the industry and stakeholders. The corporate spirit of adhering to environmental protection issues continually, the entire Company jointly promotes the establishment of relevant systems through practical actions. On the basis of our attention attached to energy management issues, together with our thoughts on the severe challenges related to energy management that we may face in the future, in order to effectively manage the use of energy, improve energy efficiency, and further enhance our healthy image of environmental protection, the Company firstly introduced the European EN 16001 energy management system in March 2010 and completed the system certification in July; the Company became the first corporate in Taiwan obtaining the ISO 50001 certification to continue contributing our efforts for the environmental protection of our Earth.</p> <p>According to the GHG Reduction and Management Act, our company registered an application with the Climate Change Bureau of the Environmental Department in October 2022, titled "Replacement of Coal with Natural Gas as Fuel for the Hot-Blast Furnace (Project Number: B0000323)." On July 5, 2023, we received the approval letter from the Environmental Department, and the project is scheduled from November 1, 2023, to October 31, 2033. The total reduction in emissions for the project is 117,110 t CO<sub>2</sub>e.</p> <p>2. Community Participation:  In order to interact well with the community, the Company not only joins the Lin-hai and Da-fa Industrial Zone Associations and participates in various activities held by the manufacturers in the zone, but also continues to support the greening, maintenance and cleaning certain part of roads around the factory area.  In order to promote environmental sustainability and help improve the quality of education for school children, the Company has collaborated with the Kaohsiung Public Library Siaogang Branch since 2010 to donate magazines related to "Environmental Education" annually, and established an "Environmental Education Section" on the second floor of the hall, planning for different environmental education themes every two years. Environmental education promotion lectures are held frequently to invite neighboring elementary school children, teachers and residents to participate. The Company receives a Certificate of Appreciation from the Kaohsiung Public Library every year, affirming and encouraging the Company's efforts to operate the environmental education section for a long time. In addition to setting up a special area for environmental education, the company also assists nearby elementary schools in organizing student learning support programs and conducts community care activities for residents around the factory area.</p> <p>3. Consumers' Rights:  Since its establishment, our company has been committed to developing products with low hydration heat, excellent water tightness, acid and alkali resistance, and high durability. We produce blast-furnace slag powder, blast-furnace slag cement, and cementitious additives, aiming to provide customers with the required products while enhancing engineering quality, reducing customer costs, conserving energy, and reducing carbon emissions, contributing to the protection of the global environment.  To provide convenient and simple services, we set up our E-commerce information system, including inquiries for order and quantity balances, shipment date/departure number/time/quantity, and account statements, for customers to easily keep abreast of their incoming materials and engineering progress. Furthermore, the Company continues to promote the ERP system installation to improve the efficiency of operating flows.  We provide diverse products and packaging to our customers to satisfy their demands for convenience and cost-saving. Different from other competitors, we also attend to demands of environmental protection, energy-saving and carbon-reducing, and green building materials. The Company makes recommendations to customers for adjusting the product combination or adopting customized products according to different engineering requirements to achieve a win-win situation for both parties.  Except for product opinions from customers, the Company also conducts customers' satisfaction survey on a yearly basis, and reports the survey results to the management and relevant units at the management review meeting, so as to understand the Company's level of performance within the industry and customers' level of satisfaction, gaining the opportunities to further improve our products and services. The Company aims to accord our corporate strategies with customers' requirements to further conform to the trend of market developments.  Through feedback from and interactions with customers, relevant units strived for seeking improvement methods and plans and establish objectives and solutions for management with positive and responsible attitudes, so as to constantly enhance customers' satisfaction by means of continual improvements °</p>	

Promotion item	Implementation status			Deviations from the Corporate Sustainable development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
4.			<p><b>Human Rights:</b> The company strictly observe to the regulations of each operating location globally, and supports and complies with the principles and spirit outlined in the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, as well as other international human rights conventions. We treat employees and contractors with dignity and respect, and we strive to eliminate violation or infringement of human rights.</p> <p>The company main focus on issues such as eliminating discrimination to ensure equal employment opportunities, Prohibition of child labor, banning forced labor, assisting employees in maintaining physical and mental wellness and work-life balance, and providing a safe and healthy working environment.</p> <p>To implement our company's human rights policy, we regularly conduct risk assessments on human rights issues and take remedial measures for any negative impacts on human rights that occur. We discuss improvements and continue to monitor the situation in order to effectively control and reduce human rights risks and achieve our management objectives. No human rights violations or discrimination incidents occurred among the employees hired in 2023.</p>	
5.			<p><b>Safety and Hygiene:</b> The Company introduced the Safety and Hygiene Voluntary Protection System promulgated by the Council of Labor Affairs in 2000 and passed the certification of OHSAS 18001 in 2004; we execute our safety and hygiene management work with systematic structures. To further improve our risk control capacity, ensure the performance of safety and hygiene management, and reduce occupational injury, the Company introduced CNS15506 according to the TOSHMS Guidelines in 2008, received initial certification in 2009, and passed the CNS15506 certification again in 2014. In July 2014, the scope of application of the newly amended Occupational Safety and Health Act had expanded from designated industries to all industries. In response to the new requirements derived from the amendment to laws and the impacts of law amendments on the occupational safety of our business units, the Company sped up the progress of setting up proper systems for all units and realized works of occupational safety and hygiene to deeply plant the culture of safety and hygiene with an objective of "damage prevention. At the same time, in response to the conversion of the International Occupational Health and Safety Management Systems, the Company also obtained the ISO 45001 and CNS 45001 conversion certification in 2019.</p>	
6.			<p><b>Public Policy Participation:</b> To increase the domestic application of GGBFS in public construction, the Company contributed to the Public Construction Commission, Executive Yuan, to prepare and publish the "Blast Furnace Slag Cement Concrete Handbook for Public Construction " in 2001 to promote the subsequent Taipei metro construction, Kaohsiung metro construction, high-speed rail, highway, Taipei 101 building, Kaohsiung 85 Sky Tower, Kaohsiung CSC Group building, Kaohsiung main stadium for the World Games, Light Rail (Phase II in Kaohsiung), Elevated and Underground Rail (Chiayi, Tainan Metro), and other significant public constructions, as well as the use of Granulated Blast-Furnace Slag and Blast-Furnace Slag Cement in indicative constructions.</p> <p>The company is also actively involved in the updating and promotion of national standards. It participated in the 23rd and 24th meetings of the Civil Engineering and Construction National Standard Technical Committee organized by the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs in 2023. It actively participated in the discussion and provided modification suggestions for CNS 12549, which is the national standard for ground-granulated blast-furnace slag for concrete and cement mortar, in order to align it with international standards and keep up with the times.</p> <p>Participating in the events organized by the Kaohsiung City Government, such as the "2023 Smart City Expo" and "422 Earth Day Environmental HERO, Carbon Zero," we are promoting the application of basic oxygen furnace slag in line with the global trend of achieving net-zero carbon emissions by 2050. Through these events, we aim to raise public awareness of the environmental benefits of basic oxygen furnace slag as a carbon-reducing and eco-friendly recyclable material.</p>	
7.			<p>On December 26, 2023, the 10th meeting of the 12th session of the Board of Directors proposed the implementation status of the ESG short-term goals and short-term, medium-term and long-term goals for ESG promotion in 2023.</p>	

## Risk Management Report

The Company divides risks by category into operational, financial, hazard, information security, and compliance risks, and then divides these into economic/governance, environmental, and social aspects by topic. Major risks and responses in 2023 for the Company are as follows:

Aspect	Risk Type	Risk Identification	Countermeasures
Economic/ Governance	Operational Risk	Market Risk	<ul style="list-style-type: none"> <li>Continuously track customer usage tracking and proactively understand customer needs in order to improve responsiveness.</li> <li>To secure stable revenue and enhance profitability, we focus on creating high-value products that cater to the needs of our customers.</li> <li>Monitor client business activities closely and strategically discontinue relationships with underperforming clients.</li> </ul>
		Production Risk	<ul style="list-style-type: none"> <li>Work in conjunction with industry peers to align product scheduling and fulfill customer requirements.</li> <li>Adjust the annual and routine maintenance schedule to prevent production during periods of heavy rainfall or the rainy season.</li> <li>Spare parts for essential equipment are procured to substitute in the production line during periods of inactivity. This strategy minimizes the loss of production capacity. Additionally, a maintenance system is put in place to guarantee the stability of the equipment.</li> <li>In light of the nationwide decline in coal ash production, we are continuing to develop alternative materials.</li> </ul>
		Technical Risk	<ul style="list-style-type: none"> <li>Monitor the utilization of products by various entities such as government agencies, design supervisors, and construction companies. Conduct inquiries regarding the Company's current product usage and future usage strategies.</li> <li>Attend the regulatory review meeting and provide relevant feedback as necessary.</li> </ul>
	Financial Risk	Interest Rate Risk	<ul style="list-style-type: none"> <li>Properly arrange short-term and long-term loans to reduce borrowing costs.</li> </ul>
	Information Security Risk	Cyber Risk	<ul style="list-style-type: none"> <li>Regular social-engineering email testing, and announce and report improvements for colleagues who have made ill-advised clicks.</li> <li>Implement next-generation firewalls and upgrade obsolete security apparatus to efficiently track anomalous activities and prevent malicious software attacks.</li> <li>Deploy MDR (Managed Detection and Response) protection against hacker attacks on critical servers and those with sensitive data.</li> </ul>
			Host Equipment Risk
		Personnel Risk	<ul style="list-style-type: none"> <li>Install antivirus software on personal computers to reduce the risk of virus intrusion.</li> <li>All administrator privileges for Company PCs are blocked, and personnel are unable to install software on their own.</li> <li>Consistently communicate information regarding cybersecurity in meetings to heighten employee vigilance towards emerging cybersecurity threats and to bolster their understanding of cybersecurity risks.</li> </ul>

Aspect	Risk Type	Risk Identification	Countermeasures
	Compliance Risk	Regulatory Violation Risk	<ul style="list-style-type: none"> <li>● Pay attention to the amendments to regulations by the competent authorities, conduct regulatory audits, and ensure that all operations comply with legal requirements.</li> <li>● Strengthen the professional capabilities of the staff and arrange relevant educational training.</li> </ul>
		Environmental Risk	<ul style="list-style-type: none"> <li>● Implement regulatory inspections and establish relevant environmental protection facilities in accordance with regulations.</li> <li>● Strengthen on-site inspections and promptly respond to any abnormalities.</li> </ul>
		Litigation Risk	<ul style="list-style-type: none"> <li>● Strengthen the compliance awareness of staff responsible for handling business matters and ensure that they follow the procedures outlined in the self-management plan.</li> <li>● Important contracts are reviewed by the Legal Department and, if necessary, consulted on with legal advisors.</li> </ul>
Environment	Hazard Risk	Environmental Risk	<ul style="list-style-type: none"> <li>● GHG inventory annually, formulate energy management plans, improve energy efficiency, reduce energy consumption, and reduce GHG emissions.</li> <li>● Continued proactive low-carbon fuel conversion in response to low-carbon transformation.</li> </ul>
Society	Hazard Risk	Occupational Health and Safety Risk	<ul style="list-style-type: none"> <li>● Establish a system for special operation permit applications and adhere to it.</li> <li>● Prior to commencing the implementation of confined space operations, a briefing on the pre-work procedures will be conducted, along with a review of the Safe Job Procedure (SJP) and risk assessment.</li> </ul>

## Climate-related Information

### 1. Execution of Climate-Related Information

Item	Implementation status
(1)The oversight and management of climate-related risks and opportunities by the Board of Directors and management.	<ul style="list-style-type: none"> <li>① Establish a Corporate Sustainable Development Committee to monitor climate change risks from a sustainable development perspective and formulate appropriate responses. Report relevant issues to the Board of Directors at least twice a year.</li> <li>② In response to climate change, measures such as green energy, environmental protection, and energy conservation were discussed and reported to the Board of Directors. This includes the presentation of the results of the implementation of the ESG short-term goals (2023) on July 31, 2023, the presentation of the results of the implementation of the ESG short-term goals (2023) on December 26, 2023, and the ongoing revision of the short, medium, and long-term goals for ESG promotion.</li> <li>③ Established the Climate Change Response Team to discuss various climate change risks and develop measures to reduce the transformation and physical risks to the company caused by climate change. The Group aims to seize opportunities related to climate change and integrate strategies for reducing GHG emissions and adapting to climate change across all divisions.</li> </ul>
(2)Describe how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise in the short, medium, and long term.	<ul style="list-style-type: none"> <li>① Short-term Impact (1-3 years): <ul style="list-style-type: none"> <li>A. Business: In response to abnormal events such as extreme weather or natural disasters, there may be production disruptions, supply chain interruptions, and logistics issues that create short-term challenges to business operations.</li> <li>B. Strategy: Implement emergency measures and adjust business operations to strengthen risk management and contingency plans to ensure smooth business operations.</li> <li>C. Financial: Unexpected weather events can lead to additional cost increases, including repair of damaged equipment, emergency procurement of resources, and other contingency measures, affecting short-term financial conditions.</li> </ul> </li> <li>② Medium-term impact (3-5 years): <ul style="list-style-type: none"> <li>A. Business: Continued climate change may lead to changes in the overall sales market, affecting product supply and market demand. Depending on the situation, convene business meetings to adjust the business model in response to these changes.</li> <li>B. Strategy: Medium-term risks require a more comprehensive strategic response, which may include adjusting product portfolios, expanding market scope, or investing in new technologies to lessen the impact of climate change.</li> <li>C. Financial: Long-term investments may be required to improve climate resilience, resulting in increased capital expenditures and impacting financial position.</li> </ul> </li> <li>③ Long-term impact (5 years or more): <ul style="list-style-type: none"> <li>A. Business: Climate change will profoundly alter market structures and customer demands. In addition to ongoing climate adaptation efforts, we will evaluate appropriate transformations to become a more sustainable enterprise.</li> <li>B. Strategy: Long-term strategies must take into account the global impact of climate change and the differences between industries. It may also require international cooperation, the development of new products and services, and active participation in the carbon market.</li> <li>C. Financial: Climate change could have a profound impact on the Company's value, and investors and stakeholders may place greater emphasis on climate risk management and sustainable development performance.</li> </ul> </li> </ul>
(3)Describe the impact of extreme weather events and transition actions on finances.	<ul style="list-style-type: none"> <li>① Impact of Extreme Weather Events: <ul style="list-style-type: none"> <li>A. Asset Loss: Extreme weather events such as hurricanes, floods or droughts can result in the loss of fixed assets, including production facilities, equipment and raw materials. This will directly impact the Company's asset value and financial condition.</li> <li>B. Rising Insurance Costs: Frequent extreme weather events may lead to an increase in corporate insurance costs. The insurance budget could face impacts from the rising costs associated with insuring against extreme weather risks.</li> </ul> </li> </ul>

Item	Implementation status																												
	<p>C. Production Disruption Cost: Extreme weather events can cause production disruptions that directly impact a company's revenue and profitability. Emergency response measures to deal with production disruptions may also increase costs.</p> <p>② Impact of Climate Transition Action:</p> <p>A. New Technology and Infrastructure Investment: Achieving the 2050 net-zero goal will require investment in new technologies, climate-friendly infrastructure, and low/zero-carbon fuels. The capital expenditure will have an impact and may lead to short-term financial pressure.</p> <p>B. Regulatory Compliance Costs: The Climate Change Response Act includes a net-zero target for 2050, and carbon fees will be imposed starting in 2025. The government continues to push for stricter environmental regulations. In order to comply with these regulations, the company will incur additional compliance costs.</p>																												
(4)The process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	<p>① The Risk Management Unit of the Corporate Sustainable Development Committee oversees all risk management matters. When identifying risks, it is important to analyze the operating environment, including various business and operational activities, and manage the risks qualitatively or quantitatively. When inventorying and identifying potential sources of risk, relevant responsible units should consider external and internal environmental factors for evaluation.</p> <p>② Define the short, medium, and long-term time intervals for climate-related risks and opportunities, with 0-2 years defined as short-term and 2-10 years defined as medium to long-term. Conduct climate risk and opportunity assessments based on these time frames. Re-identify and assess climate risks and opportunities every 3 years. The types of climate risks include transformation risks and physical risks, which are further categorized as political and regulatory, technological, market, reputational, and immediate versus long-term. Opportunities are classified into categories such as resource efficiency, energy sources, products and services, market, and organizational resilience. The participating units identify potential risks (9 in total) and opportunities (7 in total) stemming from the Company's operational transformation and physical risks due to climate change through internal investigation and evaluation. Following this, a risk and opportunity matrix is constructed, taking into account three factors: business relevance, vulnerability (risk response/opportunity preparedness), and impact/contribution. Potential financial impact exceeds NT\$10 million per year or more, and relevant measures should be prioritized.</p>																												
(5)If scenario analysis is used to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors and key financial implications should be explained.	<p>① The Science-based Target Setting Tool version 1.2.1, a context analysis tool published by the Science Based Targets Initiative (SBTi), was used to assess future emissions. The scenario used was ETP 2017 B2DS (Beyond two degree scenario as defined in the IEA Energy Technology Perspectives) and the assessment was performed for the cement industry.</p> <p>② In the simulated B2DS scenario, CHC resource emissions from 2030 to 2050 are projected to be as follows:</p> <table border="1" data-bbox="752 999 1955 1142"> <thead> <tr> <th>Annual</th> <th>2020</th> <th>2025</th> <th>2030</th> <th>2035</th> <th>2040</th> <th>2050</th> </tr> </thead> <tbody> <tr> <td>Scope 1 emissions (t CO<sub>2</sub>)</td> <td>74,778</td> <td>72,406</td> <td>62,115</td> <td>51,413</td> <td>39,738</td> <td>19,846</td> </tr> <tr> <td>Scope 2 emissions (t CO<sub>2</sub>)</td> <td>71,191</td> <td>59,208</td> <td>43,667</td> <td>28,819</td> <td>17,369</td> <td>1,215</td> </tr> <tr> <td>Total emissions (t CO<sub>2</sub>)</td> <td>145,969</td> <td>131,614</td> <td>105,782</td> <td>80,232</td> <td>57,107</td> <td>21,061</td> </tr> </tbody> </table> <p>③ To assess the financial impact of the above-mentioned emissions, the emissions in category 1 were estimated using the report issued by the high level commission on carbon pricing in 2017 (to be consistent with the core objective of limiting global warming to below 2 degrees Celsius as outlined in the Paris Agreement, the carbon price between 2020 and 2030 is estimated to be between \$40 and \$80 per ton of carbon emissions; after 2030, the carbon price is estimated to be between \$50 and \$100 per ton of carbon emissions, using the intermediate values for calculation). The two categories are calculated based on the electricity purchase rate for solar power generation facilities in 2022 (calculated at a maximum price of NT\$5.8952 per kilowatt-hour) and the electricity purchase rate for renewable energy generation facilities (excluding solar power) in 2022 (calculated at a fixed offshore wind purchase rate of NT\$4.5024 per kilowatt-hour for 20 years).</p> <p>④ The cost reduction is calculated on an annual basis using a linear method, taking into account the carbon price and the cost of renewable energy.</p>	Annual	2020	2025	2030	2035	2040	2050	Scope 1 emissions (t CO <sub>2</sub> )	74,778	72,406	62,115	51,413	39,738	19,846	Scope 2 emissions (t CO <sub>2</sub> )	71,191	59,208	43,667	28,819	17,369	1,215	Total emissions (t CO <sub>2</sub> )	145,969	131,614	105,782	80,232	57,107	21,061
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(6) If there is a transition plan for managing climate-related risks, please explain the content of the plan and the indicators and targets used to identify and manage physical and transition risks.	<p>① Converting to low-carbon fuel to reduce carbon emissions: The grinding plant will be converted to low-carbon fuel. By 2025, GHG emissions will be reduced by 15% compared to the base year of 2018. By 2030, emissions will be reduced by 25% compared to the base year.</p> <p>② Purchase renewable energy and certificates: Beginning in 2023, purchase 2.03 million kWh or more; beginning in 2030, purchase 3 million kWh or more.</p> <p>③ We are developing new products in response to changes in market demand: we are continuously strengthening research and development of green and low-carbon products to increase the ratio of sales to research and development costs.</p>																								
(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.	No internal carbon pricing is currently being used. In response to the carbon fee payment for 2025, an estimated monthly carbon fee has been calculated and recorded since 2024. Currently, the estimate is based on NT\$320 / per ton of CO <sub>2</sub> e.																								
(8) If climate-related targets are set, explain the activities covered, the scope of GHG emissions, the planning schedule, and annual progress. If carbon offsets or renewable energy certificates are being used (to meet the relevant targets, the source and quantity of carbon offsets or renewable energy certificates should be explained).	<p>① 2050 Net Zero Pathway Planning:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Schedule</th> <th style="width: 25%;">GHG emissions (Scope 1 + Scope 2)</th> <th style="width: 60%;">Action measures/Specific action plan</th> </tr> </thead> <tbody> <tr> <td>Base Year (2018)</td> <td>142,657 tons of CO<sub>2</sub>e</td> <td>The GHG inventory and third-party verification began in 2007.</td> </tr> <tr> <td>2025</td> <td>A reduction of 15% compared to the base year</td> <td>Replacement of Fuel at the Kaohsiung Grinding Plant Purchase of Renewable Energy (Total Electricity Consumption 1%) Upgrade Equipment</td> </tr> <tr> <td>2030</td> <td>A reduction of 25% compared to the base year</td> <td>Replacement of Fuel at the Taichung Grinding Plant Purchase of Renewable Energy (Total Electricity Consumption 2%) Deepening Energy Efficiency Enhancement Smart Analysis and Control</td> </tr> <tr> <td>2050</td> <td>Carbon Neutrality as the Goal</td> <td>Carbon Capture Utilization and Storage Decarbonization of Fuel (Hydrogen Energy/Biomass Energy) In line with the government's use of 100% carbon-free electricity</td> </tr> </tbody> </table> <p>② In 2023, the project to convert the coal-fired Kaohsiung grinding plant to natural gas was completed, resulting in a reduction of approximately 7,700 tons of GHG emissions. In addition, a total of 2,099,249 kWh (with 2,093 RECs acquired) of renewable electricity and certificates were purchased. The Company also actively implemented energy-saving and carbon-reducing measures in its processes and upgraded outdated energy-consuming equipment. These efforts have resulted in a reduction of approximately 3,500 tons of GHG emissions.</p> <p>③ In 2023, GHG emissions were 134,636 t CO<sub>2</sub>e, which represents a decrease of about 5.6% compared to the base year (2018).-</p>					Schedule	GHG emissions (Scope 1 + Scope 2)	Action measures/Specific action plan	Base Year (2018)	142,657 tons of CO <sub>2</sub> e	The GHG inventory and third-party verification began in 2007.	2025	A reduction of 15% compared to the base year	Replacement of Fuel at the Kaohsiung Grinding Plant Purchase of Renewable Energy (Total Electricity Consumption 1%) Upgrade Equipment	2030	A reduction of 25% compared to the base year	Replacement of Fuel at the Taichung Grinding Plant Purchase of Renewable Energy (Total Electricity Consumption 2%) Deepening Energy Efficiency Enhancement Smart Analysis and Control	2050	Carbon Neutrality as the Goal	Carbon Capture Utilization and Storage Decarbonization of Fuel (Hydrogen Energy/Biomass Energy) In line with the government's use of 100% carbon-free electricity					
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(9) Inventory and confirmation of GHG emissions, reduction targets, strategies, and specific action plans.	<p>① The external verification of the 2022 CHC Resources GHG inventory was completed by a third-party independent organization (BSI) on March 14, 2023.</p> <p>② The external verification of the 2023 CHC Resources GHG inventory was completed by a third-party independent organization (BSI) on March 20, 2024.</p> <p>③ The details of the weight reduction goals, strategies, and specific action plans are explained in the implementation status described in item 8.</p>																								

## 2. Company GHG Inventory and Verification Status in the Past Two Years

### (1) GHG Inventory Information

Emission volume, intensity, and data coverage of GHGs in the past two years:

<b>Annual</b>	<b>GHG emissions (Scope 1 + 2)(metric tons CO<sub>2</sub>e)</b>	<b>Intensity (metric tons CO<sub>2</sub>e/million dollars)</b>	<b>Scope of Data</b>
2022	146,406	14.26	Covering all plant areas in Taiwan
2023	134,636	12.15	Covering all plant areas in Taiwan

### (2) GHG Assurance Information

Explanation of the situation for the last two fiscal years as of the date of printing of the annual report, including the scope of the assurance, the assurance provider, the assurance criteria and the assurance report.

- ① In 2022, our Company reported total GHG emissions (Scope 1 + Scope 2) of 146,406 metric tons of CO<sub>2</sub>e, representing 100% of total emissions. The emissions were verified by an accredited third-party verifier, BSI, according to the ISO 14064-3 standard, and their opinion is considered reliable.
- ② In 2023, our Company reported total GHG emissions (Scope 1 + Scope 2) of 134,636 metric tons of CO<sub>2</sub>e, (representing 100% of total emissions). The emissions were verified by an accredited third-party verifier, BSI, according to the ISO 14064-3 standard, and their opinion is considered reliable.
- ③ The relevant assurance (third party verification) information will also be disclosed in the sustainability report/MOPS company website.

**(VI) Implementation of Ethical Corporate Management, deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies**

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
I. Formulation of Ethical Corporate Management Policies and Programs				
(I) Has the Company formulated ethical corporate management policies approved by the Board of Directors and specified its ethical corporate management policies, measures, and the commitment of Board of Directors and the senior management on active implementation of such policies in its regulations and external documents?	√		(I) 1. The rules of the Company's "Ethical Corporate Management Best Practice Principles" and "Procedures and Guidelines for Ethical Corporate Management" were submitted to the Board meeting for approval, and the Company has preventive requirements for unethical behaviors in place. 2. The Auditor continues to track the improvement progress after proposing the improvement recommendations for approval. After completing the improvement measure for each audit item in due course, the results are reported to the Board of Directors and Independent Directors for review in accordance with the requirements, which is an important mechanism for the Board of Directors to supervise the implementation of the Company's ethical corporate management policy.	No Significant Difference
(II) Has the Company established a risk assessment mechanism against unethical behavior, periodically analyzed and assessed operating activities with higher risk of unethical behavior within its business scope, and established prevention programs accordingly which at least include precautions against behaviors stipulated in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE /TPEX Listed Companies?	√		(II) 1. The Company established its "Guidelines for Handling Gifts, Social Engagements, and Lobbying" to implement the quality corporate culture, safeguard its corporate image, and provide a reference for practitioners for handling gifts, social engagements, and lobbying. 2. The Company established the "Guidelines for Public Relations Expenses," all expenses and fees incurred to the practitioners of the Company due to social engagements, gifts, presents for marriage, funeral, festive events, and celebrations, and other required entertainments shall be subject to the Guidelines. 3. The Company has the Regulations for Practitioners' Ethics, Code of Ethics for Directors or Executives, Guidelines for Recusals for Conflicts of Interests, and other regulations in place.	No Significant Difference
(III) Has the Company specified operating procedures, guidelines for conduct, disciplinary and appeal system in its programs to prevent unethical behavior,	√		(III) The Company established its " Ethical Corporate Management Best Practice Principles "and "Procedures and Guidelines for Ethical Corporate Management", and regularly review and amend the abovementioned regulations. Upholding the business philosophies of integrity,	No Significant Difference

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
implemented them accordingly and regularly reviewed those programs?			transparency, and responsibility, the Company formulated ethical-based operating policies and established healthy corporate governance and risk control systems to create an operating environment for sustainable development.	
II. Implementation of Ethical Corporate Management				
(I) Does the Company evaluate the ethical records of counterparties and specify ethical conduct clauses in business contracts?	√		(I) According to the regulations for evaluating contractors, our company assesses the integrity records of business partners in order to strengthen the management of contractors. Additionally, the contract signed with the contractors includes a clause on integrity operation policy, and any violation of this policy may result in termination or cancellation of the contract. Furthermore, there are provisions for dealing with contractors who violate the principle of good faith. If a vendor is found to have any of the following circumstances, the Purchasing Department may request the approval of the President to permanently refuse any future transactions: 1. The contractor refuses to pay the contract cancellation penalty without any justifiable reason. 2. The contractor violated the contract and caused significant losses to the Company. 3. The contractor refused to accept the performance dispute mediation and directly initiated litigation. 4. The contractor is verified through investigation to have engaged in illegal conduct such as manipulation or collusion. 5. The contractor is verified through investigation to have provided gifts, bribery, commission, or other illegal benefits to employees of the Company. 6. The contractor refused to take responsibility after a significant environmental safety and hygiene event occurred at the Company's plant during the period of contract performance.	No Significant Difference
(II) Does the Company establish an exclusively dedicated unit under the Board of Directors to oversee ethical corporate management and report its ethical corporate management	√		(II) The Administration Division is responsible for the formulation of the Company's relevant requirements. All units comply with relevant requirements to ensure the full implementation of its ethical operating policies. Also, the Company monitors the execution and tracks	No Significant Difference

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
<p>policies, programs to prevent unethical behavior, and the supervision of implementation of those policies to the Board of Directors regularly (at least once a year)?</p> <p>(III) Does the Company formulate policies to prevent conflict of interests, provide appropriate reporting channels, and implement it accordingly?</p>	√		<p>improvements through the internal audit systems and project audits. In 2023, the Company did not have any occurrence in violation of ethical operation, and the measures to facilitate ethical operation and their implementation were presented to the Board of Directors on November 2, 2023. Please see Page 78 to 79 in the Annual Report. The responsibilities of units subordinate to the Administration Division are as follow :</p> <ol style="list-style-type: none"> <li>1. Human Resources &amp; General Affairs Department : <ol style="list-style-type: none"> <li>(1)To plan the internal organization, structure, and allocation of responsibilities and set up check-and-balance mechanisms for mutual supervision of the business activities within the business scope, which are possibly at a higher risk for unethical conduct.</li> <li>(2)To organize and coordinate promotions for ethical policies.</li> </ol> </li> <li>2. Planning Department : <ol style="list-style-type: none"> <li>(1)To help include ethical and moral values into the Company's operating principles.</li> <li>(2)To respond to the legal system and establish the Procedures and Guidelines for Ethical Corporate Management.</li> <li>(3)To formulate and maintain relevant internal rules of the Company, such as the Code of Ethics for Directors, the Code of Ethics for Executives, and the Code of Ethics for Practitioners.</li> </ol> </li> </ol> <p>(III) The Company has formulated its policies on preventing conflicts of interests, provided proper channels for representation, and realized the execution :</p> <ol style="list-style-type: none"> <li>1. The Company formulated its "Code of Ethics for Directors" and "the Code of Ethics for Executives". Furthermore, the Company's "Guidelines for Practitioners' Recusals for Conflicts of Interests" also explicitly stated regulations for employees' behaviors.</li> <li>2. For channels of representation, please refer to relevant requirements under the Company's Regulations for Processing Complaints and Regulations for Processing Reports of Illegal and Unethical Conducts.</li> <li>3. In 2023, neither the company nor its subsidiaries received any internal or external grievances regarding violations of conflict of interest avoidance.</li> </ol>	No Significant Difference

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(IV) Has the Company established effective accounting and internal control systems for ethical corporate management, developed relevant audit plans based on the results of risk assessment of unethical behavior, and audited the status of compliance with the programs to prevent unethical behavior by the internal audit unit or a CPA?	√		<p>(IV)</p> <p>1. Accounting system : The system is formulated based on the Regulations Governing the Preparation of Financial Reports, Regulation on Business Entity Accounting Handling, and other relevant laws and regulations, with reference to the Company's operating policies, actual business, and actual requirements for development and management, so as to improve the Company's operation efficiency and provide fair representation to its financial conditions, operating results, and cash flows.</p> <p>2. Internal control system : (1). The Company established the Internal Control System Provisions as the basis for all relevant units and personnel to implement the internal control system upon approval by the Board of Directors. (2) The self-assessment is performed in October every year; all units and subsidiaries shall conduct the self-assessment of their own business according to the "Self-assessment Form " and submit to the Internal Audit Office for review.</p> <p>3. Internal auditor : (1) The Company has the Internal Audit Office, subordinated to the Board of Directors, and a chief auditor and an auditor in place to manage the Company's audit operations. (2) To assist the Board of Directors and managers in inspecting and reviewing the internal control system and the deficiency of ethical conducts, measuring operating efficacy and efficiency, and providing improvement recommendations and establishing relevant audit plans in due course, to ensure the internal control system shall be effectively implemented on a continuing basis and serve as the basis for reviewing and modifying the internal control system shall be effectively implemented and reviewed and modified. (3) The Company has formulated the crucial items of the department performances included the deficiencies of the internal control system and the improvements of unmoral events found by the internal auditor.</p>	No Significant Difference

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
(V) Does the Company regularly hold internal and external trainings on ethical corporate management?	√		(V) Every year, education and training sessions are conducted for all employees, covering areas such as human rights, integrity, occupational safety and health, information security, trade secrets, traffic safety, and prevention of insider trading. This helps in creating a positive workplace and operational environment, and fosters awareness among colleagues regarding compliance and information security concepts. In particular, regarding integrity issues, an online education and training model was adopted in 2023. Based on statistics from 2 online promotional materials, a total of 638 views were recorded.	No Significant Difference
III. Implementation of Whistleblowing System (I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? (II) Does the Company establish standard operating procedures for investigating cases reported, follow-up measures to be adopted after investigation, and related confidentiality mechanisms?	√  √		(I) The Company has established specific “Measures for Handling Cases of Reporting Illegal and Violation of Integrity”, and the official website specifies the reporting channel, dedicated acceptance unit (Internal Audit Office) and complete reporting and handling procedures, and establish an independent appeal mailbox and hotline. (II) The standard operating procedures of investigation, the follow-up measures to be taken after completion of the investigation and the relevant confidentiality mechanism of the Company's "Measures for Handling Cases of Reporting Illegal and Violation of Integrity" are as follows: 1. The case will be handled by the Internal Audit Office. After clarifying the purpose and investigating the specific evidence, fill out the report registration form or projec and submit it to the Chairman. 2. After investigation by the Internal Audit Office, if major violations are found or the Company is under the risk of major damage, a report should be made and submit it to the Chairman, and the Independent Directors should be notified in writing. 3. The Internal Audit Office shall keep the identity of the whistle-blower and the content of reported cases confidential and verify them through independent channels to protect the rights and interests of whistleblowers and stakeholders.	No Significant Difference  No Significant Difference
(III) Does the Company adopt measures to protect whistleblowers?	√		(III) Both the company and subsidiaries are committed to maintaining absolute confidentiality regarding the identity of whistleblowers, in order to protect them from any improper disposal resulting from legitimate whistleblowing. In cases where the reported incidents are found to be true after investigation, appropriate rewards may be given to the whistleblowers, depending on the severity of the appeal.	No Significant Difference

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
IV. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on corporate website and MOPS?	√		Regarding the "Corporate Governance" part under the "Investors Relationships" on the Company's website ( <a href="https://www.chc.com.tw">https://www.chc.com.tw</a> ) and MOPS, we disclosed relevant information of our ethical operations, including the "Code of Ethics" and "Ethical Corporate Management Best Practice Principles" under "Corporate Governance." To perfect the Company's management of ethical operations, our internal units are responsible for performing ethical operations, and the Auditor shall monitor the execution and regularly report the results to the Board of Directors.	No Significant Difference
V. If the Company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and its discrepancies with the Principles: The Company has established its Ethical Corporate Management Best Practice Principles and Procedures and Guidelines for Ethical Corporate Management, and its operations have no material discrepancy from the established Principles.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management practices (e.g. reviews and amends its Ethical Corporate Management Best Practice Principles). 1. The Company explicitly declares its concept of ethical operations in its company profile and CSR reports. 2. The Company periodically reviews, modifies or formulates regulations related to ethical operations to accord with actual operations. 3. The Company's promoting operation and implementation of integrity management in 2023.				
Promotion method	Remarks			
Advocacy education	Through various internal meetings, supervisors at all levels promote the company's philosophy of integrity business and emphasize the importance of ethics, and strictly prohibit private fraud.			
Formulation of rules and regulations	<ol style="list-style-type: none"> <li>In order to establish the company's corporate culture of integrity management, the company's "Code of Integrity Management" and the "Integrity Management Operation Procedures and Behavior Guidelines" have been formulated with reference to the "Code of Integrity Management for Listed Company" published by the Stock Exchange.</li> <li>The "Work Rules" and the "Rewards and Punishments for Employees" are formulated to regulate the behavior of employees. Anyone who violates relevant regulations will be handled depends on the circumstances.</li> <li>In order to guide employees to follow ethical standards, comply with laws and regulations, and prevent breaking laws and regulations, it is strictly forbidden to make appointments, accept bribes, or engage in fraudulent practices in their position. The "Code of Ethics for Employees", the "Guidelines for Practitioners' Recusals for Conflicts of Interests", the "Code of Ethical Conduct for Supervisors" and the "Code of Ethical Conduct for Directors" have been formulated.</li> <li>The "Guidelines for Handling Gifts, Social Engagements, and Lobbying" was formulated, so that there is a basis for the employees to handle donated property, banquets and entertainments.</li> <li>The "Appeal Handling Measures" is formulated to establish formal appeal channels and protect the rights and interests of employees.</li> </ol>			

Assessment Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary	
Interest avoidance principle			The "Code of Ethical Conduct for Directors" is formulated to strictly follow the principles of interest avoidance and anti-corruption, and it is stipulated in the " Regulations Governing Procedure for Board of Directors Meetings " that the Directors must voluntarily evade and shall not participate in discussions and voting and exercise voting rights on behalf of other Directors when the avoidance matters stipulated in the regulations are involved in the board meeting proposals. The "Code of Ethical Conduct for Supervisors", the "Code of Ethics for Employees" and "Guidelines for Practitioners' Recusals for Conflicts of Interests" have been formulated separately to standardize the code for avoiding the employees' interests and draw up relevant disciplinary measures.	
Supplier and contractor management			The " Procedures for Contractor Selection" has been formulated, so that the supplier or contractor will be refused to transact permanently in the worst situation if the supplier or contractor has illegal acts such as manipulating monopoly, colluding bids, giving gifts, bribery, commissions or other illegal benefits to the company's personnel who constitutes violation of the major integrity principle.	
Reporting of illegal and breach of integrity behavior			To implement the company's integrity management code and establish internal and external reporting and handling procedures, the "Measures for Handling Cases of Reporting Illegal and Violation of Integrity" has been formulated. The auditing units are responsible for accepting reports, and the unobstructed, confidential and independent report channels.	

**(VII) Where the Company has established its corporate governance best practice principles or related rules, disclose their inquiry methods**

1. The Company has established its Corporate Governance Best Practice Principles.
2. Related rules :
  - (1) Rules of Procedure for Shareholders Meetings; (2) Regulations Governing Procedure for Board of Directors Meetings; (3) Procedures for Election of Directors; (4) Highlight of management of related-party transactions; (5) Remuneration Committee Charter; (6) Audit Committee Charter; (7) Codes of Ethical Conduct for Directors; (8) Regulations for Processing Reports of Illegal and Unethical Conducts; (9) Ethical Corporate Management Best Practice Principles; (10) Procedures for Ethical Management and Guidelines for Conduct; (11) Sustainable Development Principles; (12) Rules for Performance Evaluation of the Board of Directors.
3. Search methods:
  - (1) Listed companies of CSC Group: These rules and regulations can be downloaded from "Rules and Regulations Related to Corporate Governance" under the "Corporate Governance" section on MOPS (<https://mops.twse.com.tw/mops/web/index>).
  - (2) The Company's official website (<https://www.csc.com.tw/index.html>): These rules and regulations can be downloaded from the "Investor Relations" section → "Corporate Governance" → "Corporate Governance Regulations".

**(VIII) Other Important Information to Facilitate a Better Understanding of the Implementation of Corporate Governance at the Company**

1. Related certifications obtained from the competent authorities by personnel associated with the transparency of financial information:
  - (1) CIA certificate: 2 persons
  - (2) CPA certificate: 4 persons
  - (3) Other certificates: ISO 27001 Information Security Management System(ISMS) Auditor/ Lead Auditor 1 person

2. Managers' participation in continuing education related corporate governance :

Name	Title	Date of Continuing Education		Institution of Continuing Education	Program Name	Hour of Class
		From	To			
Hung-Ta Lin	Chairman	2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3.0
		2023.11.27	2023.11.27	Taiwan Investor Relations Institute	Practices for Cross-Border Management of Net Zero Carbon Emissions	3.0
Hsiang-Ya Huang	President	2023.07.04	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3.0
		2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3.0

Name	Title	Date of Continuing Education		Institution of Continuing Education	Program Name	Hour of Class
		From	To			
		2023.11.15	2023.11.15	Securities and Futures Institute	2023 Annual Internal Insider Equity Trading Legal Compliance Promotion Seminar	3.0
Yih-Tien Lu	Chief Auditor	2023.04.28	2023.04.28	The Institute of Internal Auditors-Chinese Taiwan	Business Contract Management and Audit Practices	6.0
		2023.10.18	2023.10.18	The Institute of Internal Auditors-Chinese Taiwan	Analysis of Trade Secrets Law and Non-Compete Cases	6.0
Ching-An Lin	Chief Corporate Governance Officer	2023.05.22	2023.05.22	Taiwan Stock Exchange	The 2023 Listed Company Sustainable Development Action Plan Promotion Conference	3.0
		2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3.0
		2023.10.13	2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Meeting	3.0
		2023.12.04	2023.12.04	Taipei Foundation of Finance	Digital Fraud and Digital Financial Crime Detection and Prevention	3.0
Vivian, L.C. Cheng	Accounting Supervisor	2023.07.20	2023.07.21	National Cheng Kung University	Continuing Professional Development Courses for Accounting Supervisors	12.0

3. Directors' continuing education :

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours	Whether Continuing Education Meets the Requirements
			From	to				
Director	Hung-Ta Lin	2022.06.23	2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.11.27	2023.11.27	Taiwan Investor Relations Institute	Practices for Cross-Border Management of Net Zero Carbon Emissions	3	Yes
Director	Hsiang-Ya Huang	2022.06.23	2023.07.04	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3	Yes
			2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.11.15	2023.11.15	Securities and Futures Institute	2023 Annual Internal Insider Equity Trading Legal Compliance Promotion Seminar	3	Yes
Director	Shui-Sheng Hung	2023.11.21	2023.11.25	2023.11.25	Accounting Research and Development Foundation in Taiwan	Establishing ESG Sustainable Strategy to Enhance Competitiveness	3	Yes
			2023.11.27	2023.11.27	Taiwan Investor Relations Institute	Practices for Cross-Border Management of Net Zero Carbon Emissions	3	Yes
			2023.11.29	2023.11.29	Securities and Futures Institute	2023 Annual Internal Insider Equity Trading Legal Compliance Promotion Seminar	3	Yes
			2023.12.02	2023.12.02	Accounting Research and Development Foundation in Taiwan	The Impact of Global Net Zero Emissions and ESG Action	3	Yes
Director	Chih-Hong Lin	2023.01.01	2023.07.04	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes
			2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.10.13	2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Meeting	3	Yes
Director	Chien-Chiang Huang	2022.08.11	2023.07.04	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes
			2023.12.11	2023.12.11	Taiwan Corporate Governance Association	Compliance with Laws - Joint Actions and Related Party Transactions	3	Yes
			2023.12.11	2023.12.11	Taiwan Corporate Governance Association	Trends of Risks under Climate Change - Nature, Water, and Human Rights	3	Yes
Director	Yin-Te Wu	2022.06.23	2023.07.04	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours	Whether Continuing Education Meets the Requirements
			From	to				
Director	Chih-Hsien Chen	2022.06.23	2023.08.23	2023.08.23	Taiwan Institute of Directors	Transition of Mode	3	Yes
			2023.09.20	2023.09.20	Taiwan Institute of Directors	Innovation Rotation	3	Yes
			2023.11.15	2023.11.15	Taiwan Institute for Sustainable Energy	6th Global Corporate Sustainability Forum 2-1	3	Yes
Director	Chen-He Chung	2022.06.23	2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	Corporate Governance Lecture - Today and Tomorrow of Industry AI Transformation - Impact of ChatGPT and Corporate Responses	3	Yes
			2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance	Corporate Governance Forum - Challenges and Opportunities in the Global Net Zero Transition	3	Yes
Director	Zhi-Yuan Hou	2022.06.23	2023.05.08	2023.05.08	Taiwan Corporate Governance Association	Investing to Change the World- The Practice of Impact Investing and SDGs	3	Yes
			2023.05.09	2023.05.09	Taiwan Institute of Directors	Analysis of Business Ownership Disputes - Legal Regulations and Examples of Hostile Takeovers	3	Yes
Director	Chang-Zhi Wu	2022.06.23	2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.10.20	2023.10.20	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Meeting	3	Yes
Director	Jui-Teng Chen	2023.12.01	2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.12.15	2023.12.15	Accounting Research and Development Foundation in Taiwan	Business Ethics and Sustainable Development	3	Yes
Director	Yi-Hung Chen	2022.06.23	2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.11.24	2023.11.24	Taiwan Corporate Governance Association	Unveiling the Mysterious Facade of Corporate Governance: Practical Operations of Corporate Governance Personnel	3	Yes
Independent Director	Chun-Hsien Wang	2022.06.23	2023.03.10	2023.03.10	Taiwan Corporate Governance Association	The Peculiar 2023 Global Economic Situation	1	Yes
			2023.05.25	2023.05.25	Taiwan Corporate Governance Association	Strengthening ESG Through the Board of Directors - Case Studies on Linking Executive Compensation with ESG Performance	1	Yes

Title	Name	Date of Assumption of Duty	Date of Training		Organizer	Course Title	Training Hours	Whether Continuing Education Meets the Requirements
			From	to				
			2023.07.04	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes
			2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.08.30	2023.08.30	Taiwan Corporate Governance Association	The Impact of ChatGPT on Industries and Response Strategies	1	Yes
Independent Director	Chung-Chia Yang	2022.06.23	2023.07.04	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6	Yes
Independent Director	Fu-Tien Jeng	2022.06.23	2023.08.11	2023.08.11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Prevention Measures from Real-Life Cases	3	Yes
			2023.10.13	2023.10.13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion Meeting	3	Yes

4. Formulation and promotion of Procedures for Handling Material Inside Information:

(1) The company has formulated the procedures for handling material internal information on November 7, 2019, and the first amendment was made on December 29, 2022.

(2) According to Article 20 of the company's internal material information processing operation procedure, the directors, managers and employees shall be educated and publicized regarding the operation procedures and related laws and regulations at least once a year. The implementation status of prevention of insider trading in 2023 is as follows:

- ① On July 31, 2023, the Board of Directors provided guidance to the directors, and the newly appointed directors received educational training upon assuming their positions. The course content included regulatory objects of prohibited insider trading, the scope of internal material information were promoted to the Directors at the Board of Directors meeting, and the Directors were reminded not to trade their shares during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.
- ② On April 21, 2023, a briefing was conducted for second level managers and above. From October 26 to November 20, 2023, a total of 106 employees were briefed during staff education and training. From August 1 to November 1, 2023, a total of 10 employees were briefed during new employee education and training. The course content included confidentiality of material information, the cause of the formation of insider trading, scope of internal material information, confidentiality, publicity, and handling of violations.

## **(IX) Status of Internal Control System**

### 1. Statement on Internal Control System :

#### **CHC Resources Corporation Statement Internal Control System**

Date: February 26, 2024

According to the results of our self-evaluation, the Company shall make the following statements on our internal control system in 2023:

- I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining adequate internal control system. The objectives of this system are to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting and compliance with applicable rulings, laws, and regulations.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the abovementioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems contain self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes several items. Refer to the Regulations for more information on the abovementioned items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. The Statement shall become the main content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Statement was passed by the Board of Directors on February 26, 2024, with none of the fifteen attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement.

CHC Resources Corporation

Chairman Hung-Ta Lin



President Hsiang-Ya Huang



2. Any CPA commissioned to conduct a project review of the internal control system shall disclose the CPA's audit report: None

**(X) Penalties Imposed upon the Company and its Employees According to Law, Penalties Imposed by the Company upon Employees for the Violation of the Internal Control System Policy, Principal Deficiencies, and Improvement Status during the Most Recent Year up to the Publication Date of this Annual Report: None.**

**(XI) Significant Resolutions Adopted by the Shareholders' Meeting and the Board of Directors in the Most Recent Year up to the Publication Date of this Annual Report**

**1. Material resolutions of the 2023 Annual Shareholders' Meeting and the execution**

- (1) To approve the Company's 2022 Business Report and Financial Statements: Approved by a majority vote.
- (2) To approve the Company's 2022 Surplus Distribution Proposal: Approved by a majority vote and duly executed. The ex-dividend date is determined to be July 25, 2023 and the cash bonus distribution date is determined to be August 9, 2023 (allocating a cash bonus of NT\$2.50 per share).

**2. Key resolutions of the Board of Directors**

(1) Material resolutions at the 5th meeting of the 12th session of the Board of Directors (February 23, 2023) :

- ① Approved the 2022 Financial Statements (Business Report, Financial Reports, and Surplus Distribution), which will be submitted to the 2023 Shareholders' meeting for ratification.
- ② For 2022, the consolidated operating revenue amounted to NT\$11,383 million, net profit after tax amounted to NT\$755 million, and the earnings per share after tax amounted to NT\$3.04. It is proposed to make a distribution of Shareholders' cash bonuses of NT\$2.50 per share.
- ③ A proved matter related to the convening of 2023 Annual Shareholders' Meeting; the time of the Shareholders' meeting was set at 09:00 AM on June 21, 2023.

- ④ Approved the CPAs' independence evaluation for 2023 Financial Statements.
- (2) Material resolutions at the 6th meeting of the 12th session of the Board of Directors (May 4, 2023) :
- ① Approved 2023 Q1 Consolidated Financial Report to Board of Directors.
- ② Approved the donation case of NT\$300,000 to CSC Group Education Statements.
- (3) Material resolutions at the 7th meeting of the 12th session of the Board of Directors (June 1, 2023) :
- Elected Hung-Ta Lin as the Company's Chairman of the 12th session
- (4) Material resolutions at the 8th meeting of the 12th session of the Board of Directors (July 31, 2023) :
- Approved 2023 Q2 Consolidated Financial Report to Board of Directors.
- (5) Material resolutions at the 9th meeting of the 12th session of the Board of Directors (November 2, 2023) :
- Approved 2023 Q3 Consolidated Financial Report to Board of Directors.
- (6) Material resolutions at the 10th meeting of the 12th session of the Board of Directors (December 26, 2023) : None
- (7) Material resolutions at the 11th meeting of the 12th session of the Board of Directors (February 26, 2024) :
- ① Approved the 2023 Financial Statements (Business Report, Financial Reports, and Surplus Distribution), which will be submitted to the 2024 Shareholders' meeting for ratification.
- ② For 2023, the consolidated operating revenue amounted to NT\$12,400 million, net profit after tax amounted to NT\$858 million, and the earnings per share after tax amounted to NT\$3.38. It is proposed to make a distribution of Shareholders' cash bonuses of NT\$3 per share.
- ③ A proved matter related to the convening of 2024 Annual Shareholders' Meeting; the time of the Shareholders' meeting was set at 09:00 AM on June 25, 2024.
- ④ Approved the CPAs' independence evaluation for 2024 Financial Statements.

**(XII) Dissenting Opinions or Qualified Opinions on Resolutions Passed by the Board of Directors Which Are Made by Directors and are Documented or Issued through Written Statements, in the Most Recent Year up to the Publication Date of This Annual Report: None**

**(XIII) Resignation and dismissal of the Company's Chairman, President, chief of accounting, chief of finance, chief the internal auditor, and chief of R&D during 2021 and as of the Date of this Annual Report:**

January 1, 2023 to March 31, 2024

Title	Name	Date of Assumption of Duty	Date of Dismissal	Reasons for Resignation or Discharge
Chairman	Hung-Chang Chang	2020.03.31	2023.05.31	Mandatory Retirement Age
Chief Auditor	Ming-Hung Tsai	2018.11.01	2023.01.01	Transferred to CSC

## V. Information on CPA Fees

### (I) Information on CPA Fees

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees					Total Fees
				System Design	Business Registration	Human Resources	Others	Subtotal	
Deloitte & Touche Taipei Taiwan Republic of China	Yu-Shiang Liu Chao-Chun Wang	2023.01.01~ 2023.12.31	5,280	0	0	0	1,575	1,575	6,855
<b>Remark</b>	Tax certification: NT\$ 250 thousand, direct deduction methods of business tax audit fees from Business Tax: NT\$50 thousand, preparation of a transfer pricing report: NT\$605 thousand, Execution procedures: NT\$420 thousand, Non-supervisory Salary Disclosure Review NT\$ 100 thousand and Reimbursed expenses: NT\$ 150 thousand.								

**(II) Where the accounting firm of CPA was replaced, and the audit fee in the year when the replacement was made were less than that in the previous year before replacement, the amount of audit fee paid before and after the replacement and reasons for paying this amount shall be disclosed: Not applicable.**

**(III) Where the audit fee paid for the year was more than 10% less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: Not applicable.**

## VI. Replacement of Certified Public Accountants:

### (I) Regarding the Former CPA

<b>Replacement Date</b>	Approved by the Board of Directors on February 23, 2023		
<b>Replacement Reasons and Explanations</b>	The original CPAs of the Company were Chao-Chun Wang and Chen-Li Chen from Deloitte Taiwan. Due to internal transfer at Deloitte Taiwan, the CPAs of the Company were changed to Yu-Shiang Liu and Chao-Chun Wang, beginning the first quarter of 2023.		
<b>Describe whether the Company Terminated or the CPA Did Not Accept the Appointment</b>	Parties		The Company
	Status	CPA	
	Termination of appointment	Not applicable	
	No longer accepted (continued) appointment		
<b>Other Issues (Except for Unqualified Issues) in the Audit Reports within the Last Two Years</b>	Not applicable		
<b>Differences with the Company</b>	Yes	Accounting principles or practices	
		Disclosure of Financial Statements	
		Audit scope or steps	
		Others	
	None		
	Remarks	Not applicable	
<b>Other Disclosed Matters</b>	None		

**(II) Regarding the Successor CPA**

<b>Name of Accounting Firm</b>	Deloitte Taiwan
<b>Name of CPA</b>	Yu-Shiang Liu, Chao-Chun Wang
<b>Date of Appointment</b>	Approved by the Board of Directors on February 23, 2023
<b>Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.</b>	Not applicable
<b>Successor CPA's written opinion of disagreement toward the former CPA.</b>	Not applicable

**(III) The reply letter from the former CPA regarding matters specified in Item 1 and Item 2-3, Subparagraph 6, Article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies: None.**

**VII. Information on the Company's Chairman, President or Managements Having Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Year: None.**

**VIII. For the most recent year and as of the printing date of the annual report, Shareholders' equity transfers or changes in equity pledge by Directors or managers with over 10% shareholding of the Company**

**(I) Changes in equity of directors, managements and major shareholders**

Unit: shares

Title	Name	Change in Equity in 2023		As of March 31, 2024		Remark
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	
Director /major shareholders	China Steel Corporation	0	0	0	0	None
	Representative: Hung-Ta Lin	0	0	0	0	None
	Representative: Hsiang-Ya Huang	0	0	0	0	None
	Representative: Chih-Hong Lin	0	0	0	0	Newly appointed on January 1, 2023
	Representative: Hung-Chang Chang	0	0	Not applicable	Not applicable	Dismissed on June 1, 2023
	Representative: Wen-Hsien Chou	Not applicable	Not applicable	Not applicable	Not applicable	Newly appointed on June 1, 2023 Dismissed on November 21, 2023
	Representative: Shui-Sheng Hung	0	0	0	0	Newly appointed on November 21, 2023
Director /major shareholders	Taiwan Cement Corporation	0	0	0	0	None
	Representative: Chien-Chiang Huang	0	0	0	0	None
	Representative: Yin-Te Wu	0	0	0	0	None
Director	China Steel Structure Corporation	0	0	0	0	None
	Representative: Huo-Kun Chen	Not applicable	Not applicable	Not applicable	Not applicable	Dismissed on December 1, 2023
	Representative: Jui-Teng Chen	0	0	0	0	Newly appointed on December 1, 2023
Director	Asia Cement Corporation	0	0	0	0	None
	Representative: Chih-Hsien Chen	0	0	0	0	None
	Representative: Chen-He Chung	0	0	0	0	None

Title	Name	Change in Equity in 2023		As of March 31, 2024		Remark
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	
Director	Universal Cement Corporation	0	0	0	0	None
	Representative: Zhi-Yuan Hou	0	0	0	0	None
Director	China Steel Chemical Corporation	0	0	0	0	None
	Representative: Yi-Hung Chen	0	0	0	0	None
Director	Southeast Cement Corporation	0	0	0	0	None
	Representative: Rong-Tzong Tang	Not applicable	Not applicable	0	0	Newly appointed on January 24, 2024
	Representative: Chang-Zhi Wu	0	0	Not applicable	Not applicable	Dismissed on January 24, 2024
Independent Director	Chun-Hsien Wang	0	0	0	0	None
Independent Director	Fu-Tien Jeng	0	0	0	0	None
Independent Director	Chung-Chia Yang	0	0	0	0	None
Manager	Hsiang-Ya Huang	0	0	0	0	None
Manager	Hung-Shu Chung	(104,000)	0	0	0	None
Manager	Kuo-Yuan Chen	0	0	0	0	None
Manager	Kuan-Nan Lin	0	0	0	0	None
Manager	Tung-Yuan Chang	38	0	0	0	None
Manager	Chun-Chang Cheng	0	0	0	0	None
Manager	Chao-Kuei Huang	0	0	0	0	None
Manager	Ching-An Lin	0	0	0	0	None
Manager	Teng-Ker Hsu	0	0	0	0	None
Manager	Yih-Tien Lu	0	0	0	0	None
Manager	Vivian, L.C. Cheng	0	0	0	0	None
Manager	Shu-Nu Chu	0	0	0	0	None

**(II) Information on the counterparty of equity transfer being is a related party: None.**

**(III) Information on the counterparty of equity pledge being is a related party: None.**

**IX. Information on spousal relationships or familial relationships within the second degree of kinship between the top 10 Shareholders**

As of December 31, 2023 , Unit: Shares; %

Name	Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Relationship		Remark
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
China Steel Corporation	49,289,597	19.83%	Not applicable	Not applicable	0	0	None	None	None
Representative of China Steel Corporation : Chao-Tung Wong	332	0	0	0	0	0	None	None	None
Taiwan Cement Corporation	30,196,163	12.15%	Not applicable	Not applicable	0	0	None	None	None
Representative of Taiwan Cement Corporation : An-Ping Chang	0	0	0	0	0	0	None	None	None
China Steel Structure Corporation	23,182,738	9.33%	Not applicable	Not applicable	0	0	China Steel Corporation	Parent Company/ Subsidiary	None
Representative of China Steel Structure Corporation : Jui-Teng Chen	103	0	0	0	0	0	None	None	None
Asia Cement Corporation	22,801,185	9.17%	Not applicable	Not applicable	0	0	None	None	None
Representative of Asia Cement Corporation : Douglas Tong Hsu	0	0	0	0	0	0	None	None	None
Universal Cement Corporation	17,020,254	6.85%	Not applicable	Not applicable	0	0	None	None	None
Representative of Universal Cement Corporation : Bozhi Investment Co., Ltd.	0	0	0	0	0	0	None	None	None
China Steel Chemical Corporation	15,019,341	6.04%	Not applicable	Not applicable	0	0	China Steel Corporation	Parent Company/ Subsidiary	None
Representative of China Steel Chemical Corporation : Weng-Jung Hsieh	0	0	0	0	0	0	None	None	None
Southeast Cement Corporation	13,083,801	5.26%	Not applicable	Not applicable	0	0	None	None	None
Representative of Southeast Cement Corporation : M.T. Chen	0	0	0	0	0	0	None	None	None
Employee's Stock Trust of CHC Resources Corporation under the custody of Mega International Commercial Bank Co.	5,982,250	2.41%	Not applicable	Not applicable	0	0	None	None	None
Der Ching Investment Corporation	4,812,514	1.94%	Not applicable	Not applicable	0	0	Asia Cement Corporation	Parent Company/ Subsidiary	None
Representative of Der Ching Investment Corporation : Peter Chen	0	0	0	0	0	0	None	None	None
Chia Hsin Cement Corporation	4,285,694	1.72%	Not applicable	Not applicable	0	0	None	None	None
Representative of Chia Hsin Cement Corporation : Kang-Lung Chang	0	0	0	0	0	0	Representative of Taiwan Cement Corporation : An-Ping Chang	Uncle and nephew	None

## X. Ownership of Shares in Affiliated Companies

As of December 31, 2023 , Unit: Shares; %

Affiliated Companies	Ownership by the Company		Ownership by Directors, Supervisors, Managers, and Directly/ Indirectly Controlled Entities		Total Ownership	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Union Steel Development Corporation	4,668,333	93	0	0	4,668,333	93
Pao Good Industrial Co., Ltd..	5,408,550	51	0	0	5,408,550	51
Yu Cheng Lime Corporation	108,000	90	0	0	108,000	90
CHC Resources Vietnam Co., Ltd. (Note)	Not applicable	85	Not applicable	0	Not applicable	85
Eminent Venture Capital Corporation	3,000,000	2	16,000,000	8	19,000,000	10
Himag Magnetic Corporation	494,440	2	21,344,489	77	21,838,929	79
Pro-Ascentek Investment Corporation	3,000,000	3	10,000,000	8	13,000,000	11
Sheng Lih Dar Investment Corporation	960,000	40	0	0	960,000	40
Jiing-Cherng-Fa Investment Corporation	920,000	40	0	0	920,000	40
Gau Ruei Investment Corporation	1,046,500	35	1,196,000	40	2,242,500	75
Shin Mau Investment Corporation	897,000	30	0	0	897,000	30
Ding Da Investment Corporation	1,196,000	40	0	0	1,196,000	40
Feng Shehg Enterprise Company	932,053	2	27,260,611	45	28,192,664	47
Hsin Hsin Cement Enterprise Corporation	9,298,583	10	28,658,729	31	37,957,312	41

Note: CHC Resources Vietnam Co., Ltd. is in the form of a limited company, and the amount invested by the Company was US\$21,250,000

## Chapter IV. Capital Overview

### I. Capital and Shares

#### (I) Sources of Share Capital

Unit: NT\$ thousands ; Shares

Year / Month	Issue Price	Authorized Share Capital		Paid-In Capital		Remarks		
		Number of Shares (thousand shares)	Amount (NT\$ thousands)	Number of Shares (thousand shares)	Amount (NT\$ thousands)	Source of Share Capital	Capital Increase by Assets Other than Cash	Others
1991.05	10	81,000,000	810,000	40,502,000	405,020	The established capital of 40,502,000 shares.	None	None
1992.06	10	81,000,000	810,000	81,000,000	810,000	Capital increase of 40,498,000 shares by cash	None	None
1997.07	10	110,000,000	1,100,000	89,100,000	891,000	Capital increase of 8,100,000 shares by retained earnings	None	None
1998.06	10	110,000,000	1,100,000	99,792,000	997,920	Capital increase of 10,692,000 shares by retained earnings	None	None
1998.07	12	110,000,000	1,100,000	101,792,000	1,017,920	Capital increase of 2,000,000 shares by cash	None	None
1999.07	10	126,000,000	1,260,000	114,007,040	1,140,070	Capital increase of 12,215,040 shares by retained earnings	None	None
2000.07	10	156,000,000	1,560,000	119,822,550	1,198,226	Capital increase of 5,815,510 shares by retained earnings	None	None
2001.04	10	250,000,000	2,500,000	186,320,420	1,863,204	Capital increase of 66,497,870 shares from conversion of shares by Union Steel Cement Corporation	None	None
2001.11	10	250,000,000	2,500,000	194,291,859	1,942,919	Capital increase of 7,971,439 shares by retained earnings	None	None
2005.09	10	250,000,000	2,500,000	203,024,977	2,030,250	Capital increase of 8,733,118 shares by retained earnings	None	None
2006.09	10	250,000,000	2,500,000	210,509,987	2,105,100	Capital increase of 7,485,010 shares by retained earnings	None	None
2007.09	10	250,000,000	2,500,000	218,111,321	2,181,113	Capital increase of 7,601,334 shares by retained earnings	None	None
2008.08	10	250,000,000	2,500,000	225,945,789	2,259,457	Capital increase of 7,834,468 shares by retained earnings	None	None
2018.08	10	250,000,000	2,500,000	248,540,368	2,485,404	Capital increase of 22,594,579 shares by retained earnings	None	None
2019.03	10	300,000,000	3,000,000	248,540,368	2,485,404	Authorized Share Capital increase of 50,000,000 shares	None	None

Information on the shelf registration system: None.

## Type of Shares

Unit: Share

As of March 31, 2024

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares (Note)	Unissued Shares	Total	
Common shares	248,540,368	51,459,632	300,000,000	Listed stock

## (II) Shareholder Structure

As of December 31, 2023

Shareholder Structure Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	2	82	13,028	50	13,162
Number of Shares Held	0	590,500	188,894,898	53,983,924	5,071,046	248,540,368
Shareholding Percentage	0	0.24%	76.00%	21.72%	2.04%	100%

### (III) Distribution of Equity Ownership

As of December 31, 2023

Range of Shares Held	Number of Shareholders	Shareholders Percentage (%)	Number of Shares Held	Shareholding Percentage (%)
1 to 999	4,036	30.66	654,567	0.26
1,000 to 5,000	6,906	52.47	13,422,203	5.40
5,001 to 10,000	1,108	8.42	8,055,880	3.24
10,001 to 15,000	388	2.95	4,740,862	1.91
15,001 to 20,000	207	1.57	3,703,655	1.49
20,001 to 30,000	207	1.57	5,058,218	2.04
30,001 to 40,000	83	0.63	2,879,915	1.16
40,001 to 50,000	57	0.43	2,609,754	1.05
50,001 to 100,000	95	0.72	6,637,261	2.67
100,001 to 200,000	45	0.34	6,369,658	2.56
200,001 to 400,000	13	0.10	3,301,006	1.33
400,001 to 600,000	5	0.04	2,357,917	0.95
600,001 to 800,000	1	0.01	608,000	0.24
800,001 to 1,000,000	0	0	0	0
1,000,001 and above	11	0.09	188,141,472	75.70
Total	13,162	100.00	248,540,368	100.00

Preferred Shares : None.

### (IV) List of Substantial Shareholders and Shareholders with Top 10 Shareholdings

As of December 31, 2023

Major Shareholders	Shares	Number of Shares Held	Shareholding Percentage
China Steel Corporation		49,289,597	19.83
Taiwan Cement Corporation		30,196,163	12.15
China Steel Structure Corporation		23,182,738	9.33
Asia Cement Corporation		22,801,185	9.17
Universal Cement Corporation		17,020,254	6.85
China Steel Chemical Corporation		15,019,341	6.04
Southeast Cement Corporation		13,083,801	5.26
Employee's Stock Trust of CHC Resources Corporation under the custody of Mega International Commercial Bank Co.		5,982,250	2.41
Der Ching Investment Corporation		4,812,514	1.94
Chia Hsin Cement Corporation		4,285,694	1.72

**(V) Market price, Net Worth, Earnings, Dividends per share**

Unit: NT\$

Item		Year	2023	2022	Current Year up to March 31, 2024 (Note 8)
Market Price Per Share (Note 1)	Highest		61.40	49.20	62.00
	Lowest		45.00	44.30	55.40
	Average (A)		52.79	46.42	58.91
Net Worth per Share (Note 2)	Before Distribution		24.38	23.74	N/A
	After Distribution		N/A	21.24	N/A
Earnings Per Share	Weighted Average Shares (thousand shares)		248,540	248,540	248,540
	Earnings Per Share (Note 3& 8) (B)		3.38	3.04	N/A
Dividends per Share	Cash Dividends (C)		3.0	2.5	N/A
	Stock Dividends	From Retained Earnings	0	0	N/A
		From Capital Surplus	0	0	N/A
	Accumulated Unpaid Dividend (Note 4)		0	0	N/A
Return on Investment	Price/Earnings Ratio (A/B) (Note 5)		15.62	15.27	N/A
	Price/Dividend Ratio (A/C) (Note 6)		17.60	18.57	N/A
	Cash Dividend Yield (C/A) (Note 7)		5.68%	5.39%	N/A

\* If retained earnings or capital surplus are used for capital increase, market prices and cash dividends retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: Please list the market share prices, including the highest, lowest and average of common stock for the year, and the average market price should be calculated based on trading value and volume for each year.

Note 2: Please use the number of the issuing shares in the year end as the base with the distribution decision resolved at the Board or the shareholders' meeting held in the following year.

Note 3: For retroactive adjustment made for stock dividends, both before and adjustments earnings per share should be disclosed.

Note 4: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 5: Price/earnings Ratio = Average closing price per share /Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share /Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share.

Note 8: Net worth and earnings per share shall be disclosed based on latest audited quarterly results up to the publication date of this annual report. For all other columns, please fill the information as of the publication date of this annual report. The printing date of the Company's annual report was 31 March 2024; therefore, the latest financial information certified or reviewed by the CPAs shall be information from 2023.

## **(VI) Dividend Policy and Implementation**

### **1. Dividend Policy**

Shall there be earnings after the final annual account, the Company shall pay taxes and make up for the accumulated losses according to the law, and appropriate 10% as the statutory surplus reserve. However, where the statutory surplus reserve has reached the amount of its paid-up capital, the appropriation shall no longer be made. The remaining earnings shall be used in the appropriation or the reversal of the special surplus reserve subject to the Company's business requirements or according to the requirements of laws and regulations. Where there are still remaining balances, plus the undistributed earnings of last year as earnings available for distribution. The Board shall prepare the earning distribution proposal and submit to the Shareholders' Meeting for the resolution of dividend distribution or reservation.

As the Company operates in an ever-changing business environment and is in the stable growth stage during its life cycle, the Board would consider the stability of dividends when formulating the earning distribution proposal, taking into account the Company's future capital requirement and long-term financial planning. Except for the capital requirement, the actual earnings distributed each year shall be no less than 50% of the earnings available for distribution, and the Shareholders' cash bonuses shall be no less than 50% of the Shareholders' bonuses.

### **2. Distribution of dividend proposed in the current shareholders' meeting**

According to the requirements under Article 30-1 of the Articles of Association, the Company intends to distribute a Shareholders' bonuses of NT\$745,621,104 (a distribution of NT\$3 per share). The undistributed earnings after the distribution shall be NT\$1,007,719,614.

### **3. Dividends policy for the next three years**

The industry where the Company operates is in the stable growth stage during its life cycle. Based on the dividends policy stated in the Articles of Association, except for capital requirements, the actual earnings distributed per year in the next three years shall not be lower than 50% of the earnings available for distribution for the year, and the cash bonus for Shareholders may not be less than 50% of the Shareholders' bonuses.

## **(VII) Impact on Business Performance and EPS Due to Stock Dividend Distribution Proposed in the Current Shareholders' Meeting: Not applicable.**

## **(VIII) Remuneration of Employees and Directors**

### **1. Percentage or range of remuneration to employees and directors as stipulated in the Company's Articles of Incorporation:**

According to the requirements under Article 30 of the Articles of Association of the Company: If there is profit in any given year, the Board shall set aside no less than 0.1% as the remuneration for employees, and no more than 1% as the remuneration

for Directors under the resolution of the Board meeting; the distribution target for remuneration for employees include employees of its affiliates who satisfied certain conditions. However, if the company has accumulated losses, the amount shall be set aside to cover the deficit, and then distributed to employees and directors in accordance with the aforementioned percentage.

The Board shall resolve on the distribution proposal of employees' remuneration and Directors' remuneration and report at the Annual Shareholders' Meeting.

2. Basis for estimating the amount of employee and director remuneration, and accounting treatment for discrepancies between the actual and estimated distributed amount for the period:

The Company appropriates the remunerations for employees and Directors based on the rate of no less than 0.1% and no more than 1%, respectively, of its net profit before tax before deducting the remuneration distributed to employees and Directors for the year, and the distribution was made upon the decision of the Board meeting.

Remuneration for employees and Directors 2023 is estimated based on such principle. Where there is any significant change in the distribution amount determined by the Board before the date of the annual individual financial report is approved for publishing, the original annual expense shall be adjusted according to such change. Where there is any change after the date of the annual individual financial report is approved for publishing, process the same as a change in accounting estimation, adjust and recognize in the following year.

3. Information on any approval by the Board of Directors of distribution of compensation:

- (1) The Board of the Company approved the employees' remuneration and Directors' remuneration for 2023 on 26 February 2024:

Employees' remuneration: NT\$36,940,815.

Directors' remuneration: NT\$7,388,163.

The employees' remuneration and Directors' remuneration above are distributed in cash. There were no differences between the actual amount recognized and the expenses recognized for 2023.

- (2) The amount of the employee's remuneration distributed in stocks, and the percentage accounted for against the sum of the net profit after tax stated only in the individual financial report or separate financial report for the current period and total employees' remuneration: Not applicable.

4. Actual Distribution of remuneration to employees and Directors for the previous year:

Unit: NT\$

	Actual Distribution in 2023	Amount Recognized in 2022	Difference	Reason	Disposal
Remuneration for Employees	33,861,742	33,860,847	895	The differences in accounting estimation	The expenses recognized in 2023
Remuneration for Directors	6,772,348	6,772,169	179	The differences in accounting estimation	The expenses recognized in 2023

**(IX) Buyback of the Treasury Shares : None.**

**II. Issuance of Corporate Bonds : None.**

**III. Issuance of Preferred Shares : None.**

**IV. Issuance of Global Depository Receipts : None.**

**V. Issuance of Employee Stock Warrants : None.**

**VI. New Restricted Employee Shares : None.**

**VII. Issuance of New Shares for Merger or Acquisition of Other Companies : None.**

**VIII. Implementation of Capital Utilization Plan : None.**

## Chapter V Operational Highlights

### I. Business Activities

#### (I) Business Scope

##### 1. Major Scope of Business

The Company:

- (1) Manufacturing, processing, OEM, and trading of products related to slag application.
- (2) Manufacturing, processing, OEM, trading, and import/export of Blast Furnace Slag Powder.
- (3) Mixing, manufacturing, processing, OEM, trading, and import/export of Blast Furnace Slag Cement and various types of cement (excluding the production of Portland cement and clinker).
- (4) Customer contracts for quality sampling tests of cement products and concrete products.
- (5) Steel scrap business.
- (6) Recycling and reuse of calcium fluoride sludge from the electronic industry.

Subsidiaries:

- (1) Union Steel Development Corporation - Production and sales of iron powder; OEM and sales of refractory; Trade and labor dispatch.
- (2) Pao Good Industrial Co., Ltd. - Trading of fly ash; production and sales of dry-mix mortar, and trade business.
- (3) Yu Cheng Lime Corporation - Property lease and raw materials tally collaborative work.
- (4) CHC Resources Vietnam Co., Ltd. - Sales of Granulated Blast Furnace Slag; production and sales of slag powder.

##### 2. Revenue Breakdown

Item	2023		2022	
	% of the Sales		% of the Sales	
	Standalone Financial Report	Consolidated Financial Report	Standalone Financial Report	Consolidated Financial Report
Ground-Granulated Blast-Furnace Slag (GGBFS)	38.8	38.8	35.5	34.1
Fly Ash GGBFS	0.6	0.6	0.8	0.7
GBFS Cement	3.3	3.0	3.1	2.8
Special-Purpose Materials	5.2	4.6	6.3	5.7
Resource Reutilization Business	49.8	44.6	51.5	46.4
Other	2.3	8.4	2.8	10.3
Total	100	100	100	100

3. Current Products and Services of the Company
  - (1) Ground-Granulated Blast-Furnace Slag, Fly Ash GGBFS, GBFS Cement, and Special-Purpose Materials.
  - (2) Sales and promotion of air-cooled basic oxygen furnace slag (BOF slag) and air-cooled blast furnace slag.
  - (3) Promotion of recycling mineral fine aggregate (fine calcareous aggregate) and desulphurization slag aggregate.
  - (4) Recycling and reuse of calcium fluoride sludge from the electronic industry.
4. New Products and Services Planned for Development
  - (1) Research and promotion of Low-Carbon Mixed Cement
  - (2) Promotion for the use of BOF slag aggregate for AC in public constructions and improvements in stability of products.
  - (3) Improving recycling technology for steel slags.
  - (4) The Utilization of BOF Slags in Raw Meal.
  - (5) Refractory recycling.

## **(II) Industry Overview**

1. Current situation and development of the industry
  - (1) Blast Furnace Slag Powder and Blast Furnace Slag Cement products
 

The development of the blast furnace slag industry has a long history in advanced countries such as Europe, the US, and Japan. The industry's major product is Blast Furnace Slag Powder, which is made through grinding Granulated Blast Furnace Slags (GBFS) from integrated steel plant. On average, a ton of molten iron (cast iron) can produce approximately 250 to 350 kilograms of Granulated Blast Furnace Slags (GBFS). Domestically, China Steel Corporation and Dragon Steel Corporation produce approximately 4,000,000 to 4,500,000 tons of Granulated Blast Furnace Slag (GBFS) per year (with production in 2023 approximating 3,830,000 tons), and the annual demand in the market approximately ranges from 5,500,000 to 7,000,000 tons; the insufficient parts are mostly imported from Japan, South Korea, Mainland China, Vietnam, Malaysia, and other countries.

Blast-furnace slag cement and blast-furnace slag powder are both environmentally friendly products encouraged for use by the government. The former has even obtained certification as a recycling green building material. The carbon emission coefficient for each metric ton of bulk blast-furnace slag powder (excluding transportation) is approximately 59kg CO<sub>2e</sub>/mt, while that of Portland cement is about 981 kg CO<sub>2e</sub>/mt (as cited from the Environmental Protection Agency's carbon footprint platform for cement emissions). When blast-furnace slag powder effectively replaces Portland cement, it can reduce carbon dioxide emissions by approximately 922 kg CO<sub>2e</sub>/mt per metric ton, demonstrating significant carbon reduction benefits.

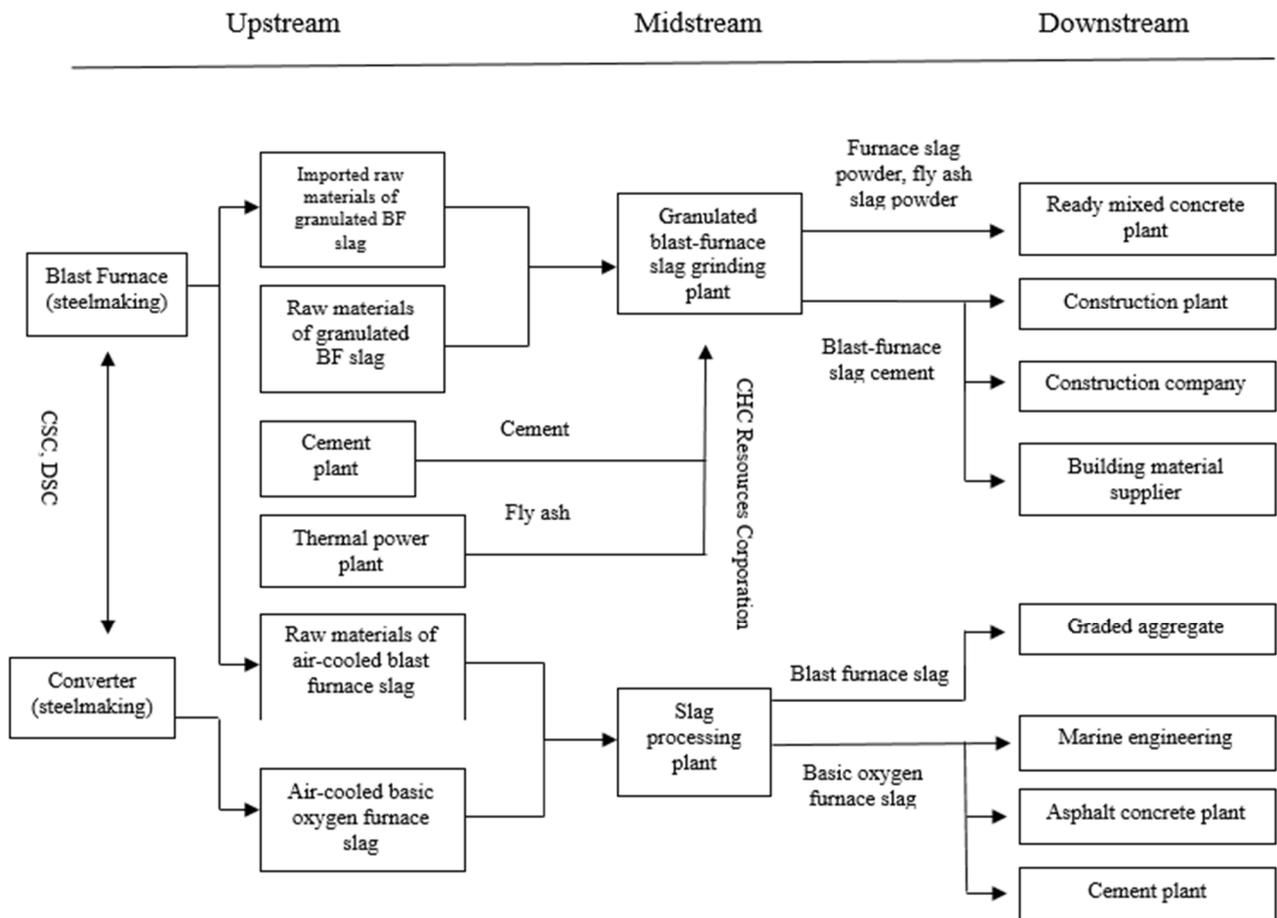
(2) BOF Slag Product

BOF slag is a byproduct during the steelmaking process. The government strives to protect the natural environment, actively facilitates resource recycling, and reduce the environmental impact. Since 2017, the company supported the Public Construction Commission to implement the policy of “Circular Economy”. Its aim is to trial the usage of BOF slag aggregate products in public construction, and promote its usage. From 2018 to 2019, the municipal government of Kaohsiung City widely used BOF slag aggregates in road improvement projects in the downtown area, and in SMA improvement construction for heavy-load roads in the industrial area. The use of asphalt pavement aggregates has yielded fruitful results in the-road maintenance construction projects organized by the Southern Engineering Department of Construction and Planning Agency, and the General Administration of Roads. At present, the municipal government of Tainan City, Pingtung County Government and other authorities would also use the BOF slag aggregates in the public road improvement construction under their jurisdiction, in line with their prospective annual road plan. In the future, the Company will continue to offer stable supply of BOF slag used in AC pavement of public construction. In addition, the Company will also actively expand the use of BOF slag as marine construction material and cement raw material, so as to maximize the effectiveness of BOF slag product in the value chain of recycling economy.

(3) Mineral fine aggregate (fine calcareous aggregate) and desulphurization slag aggregate products

The desulphurization slag is a by-product of steelmaking manufacturing procedures. Through the dry screening & crushing procedure and the wet ball milling/dehydration procedures imported from abroad, the recycled volume of magnetized materials within desulphurization slags may be maximized, and the non-magnetized materials may be used to produce mineral fine aggregate (fine calcareous aggregate) and desulphurization slag aggregate products. The chemical properties of the mineral fine aggregate (fine calcareous aggregate) products may substitute limestones within raw materials of cement; therefore, it is an advantage for the cement industry to reduce the mining of natural resources and CO<sub>2</sub> emissions.

2. Relationship between the upstream, midstream, and downstream sectors of the industry
- The connection between the upstream, midstream, and downstream slag industry is as shown in the figure below. Upstream includes granulated blast furnace slags (GBFS) and air-cooled blast furnace slags from ironmaking by using the blast furnace from integrated steel plant, and air-cooled BOF slags from the converter steelmaking. The granulated blast furnace slag grinding plant and slag processing plant are the midstream. After processing by the Company, products related to slag powder may be used as construction materials. BOF slags may be used in asphalt concrete (AC) construction, raw meal, and marine engineering. Mineral fine aggregate (fine calcareous aggregate) may be used as raw materials for cement. The Company fully maximized the capacity for recycling by-products of steelmaking/ironmaking to contribute to environmental protection.



### 3. Development trend and competition of products

#### (1) Product development trends :

The blast furnace slag industry's major products are Blast Furnace Slag Powder from grinding Granulated Blast Furnace Slags (GBFS), Blast Furnace Slag Cement, or Fly Ash Slag Powder made by mixing with general Portland cement or fly ash. The primary targets of sales are the pre-mixed concrete industry, construction plants, construction companies, building materials suppliers, and the public construction sector.

#### (2) Product competition :

The development of the blast furnace slag industry in Taiwan has over 30 years of history. Currently, there are a total of 11 companies producing blast furnace slag powder in Taiwan, with an aggregate production capacity throughout the year is over 10,000,000 tons. In 2023, the ongoing slow recovery of the international steel market continued to impact domestic steel plants, including CSC and Dragon Steel. Although the reduction in the production of granulated blast-furnace slag was smaller than in the second half of 2022, there was still a need to import granulated blast-furnace slag to meet the demand gap. The cost of imported granulated blast-furnace slag, along with shipping fees, remains high. Our Company is committed to maintaining stability in the overall industry and continues to strive to source

imported materials to meet customer needs. Furthermore, with a significant increase in electricity prices in April 2023, the production cost of blast-furnace slag powder remains high; the price of our blast-furnace slag powder for 2023 will be adjusted in stages. This is to mitigate the impact brought about by the adjustment of the selling price. In 2023, the pace of expansion and construction in the semiconductor industry slowed down significantly, leading to a cooling in the construction market. However, thanks to the support of public works projects, the overall market remains stable. The supply and competition of products within the industry are not significant, maintaining a balance of market demand and supply.

### **(III) Technology and Research & Development Overview**

The R&D expenses of the Company and its subsidiaries for 2023 and as of March 31, 2024 were NT\$23,750 thousand and NT\$6,976 thousand, respectively

1. The Company continues to improve the quality of blast furnace slag powder and blast furnace slag cement to achieve the purpose of high-value utilization of regenerated resources.
2. The Company constantly seeks technical innovation in the resource field. Currently, the Company has obtained and maintained a total of 24 domestic and foreign patented technologies as of March 31, 2024.
3. The resource usage specification for using BOF slag in materials for road bases.
4. The estimated R&D expenses to be invested by the Company and its subsidiaries for the next three years are approximately NT\$77,835 thousand dollars, and the primary projects are :
  - (1) Improving recycling technology for steel slags: To enhance the BOF slag resource value, we continue to research and develop by referencing diverse domestic and international directions (including technological development and outcome verification), such as asphalt concrete (AC), steam aging, marine engineering and steel slag fine powder, etc., to increase the utilization of BOF slag. Additionally, in response to the government's goal of achieving carbon neutrality in the industry by 2050, we will initiate early research and development of carbon neutrality technologies, including the recovery of iron particles and furnace steel slag for steel smelting process, reduce the carbon footprint associated with purchased iron ore, and initiate early-stage technical evaluation on the use of basic oxygen furnace (BOF) slag for carbon adsorption.
  - (2) The Utilization of BOF Slags in Raw Meal: BOF slags are rich in CaO and Fe<sub>2</sub>O<sub>3</sub>, allowing them to replace iron or calcium in cement's raw meal. In January 2019, the Company launched a scheme to promote the use of BOF slag in cement's raw meal and completed the formulation of the User's Manual for the Utilization of BOF Slags in Raw Meal in July 2019. The Manual underwent the third-party review organized by the Industrial Development Bureau, it received official

approval and officially released in January 2020. A total of 89,853 tons of BOF slag were used in cement plants as an effective substitute for cement raw materials in cement plants in 2023 to save energy and reduce carbon emissions.

Additionally, the Company continuously improved the quality by optimizing the processes in response to the expansion of production capacity.

- (3) Refractory recycling: Continuing to cooperate with relevant units of China Steel Corporation to classify used refractory materials as refractory raw materials and reusable products to enhance the value of used refractory materials.

#### **(IV) Short-Term and Long-Term Business Development Plans**

##### 1. Short-term business development plans

- (1) The Company's H1, IS(MS), and IS(WR) blast furnace slag cement received the recycled Green Building Material mark certificate from the Ministry of the Interior on June 17, 2014, which was the initial issuance of such certificate. Therefore, the Company intends to continue expanding its supply of materials for domestic engineering constructions. Furthermore, the Company has been actively participating in the overseas market development, promoting medium-fine slag powder, improving the quality and competitiveness of slag powder, advocating for Adoption of Customized, Differentiated Blast-Furnace Slag Cement Products in Construction Project and engaging in the expansion of its special material business, to improve the sales and exert the efficiency of its production capacity.
- (2) The BOF slag will be used mainly in the application of AC aggregate products in maritime engineering in the short term, supplemented by the stabilization of basic oxygen furnace slags through specific manufacturing procedures to explore more applications.
- (3) In addition to catering to the requirement of recycling of magnetic steel slags from steelmaking process, the Company will develop deep a processing line of magnetic material, and expand the source of magnetic raw material, in order to further enhance the profit.

##### 2. Long-term business development plans

- (1) The business development of the Company primarily aims at effectively reusing, recycling and selling the by-products, regenerated resources and solid business wastes produced by the CSC Group.
- (2) The Company continues to develop the usage and added values of resource reutilization for steelmaking by-products such as BOF slags, and proactively develop other business opportunities within the recycling industry for making profits.
- (3) Corresponding to the global trend of building and construction sustainable development, and in response to the green building and green construction policies promoted by the government, the Company assisted in the

implementation of green construction regulations and worked with the industrial and academic sectors to jointly procure downstream customers (pre-mix concrete plants, construction plants, construction companies, and building material suppliers) to use the Company's green building material products, such as Blast Furnace Slag Powder and Blast Furnace Slag Cement, with the "Green Mark" and "Green Building Materials Mark".

- (4) In alignment with the global trend towards energy conservation and carbon reduction, we have obtained certifications for energy saving, product carbon footprint, and greenhouse gas inventory. We provide high-quality products that meet both governmental and customer environmental requirements, and that contribute to energy conservation and carbon reduction. By creating and providing additional value for our customers, we aim to strengthen our customer base and enhance the competitiveness of our products.

## **II. Market, Production and Sales Overview**

### **(I) Market analysis**

1. The Taichung Grinding Plant formally began its phase I mass production in 2009, and the Taipei Port Branch was included for transfer and dispatching in 2014. In addition, after the completion of phase II expansion of the Taichung Grinding Plant in December 2015. A complete production and logistics system has been established to ensure customer needs can be met consistently.

2. Supply, demand, and growth in the future market

- (1) Blast Furnace Slag Powder and Blast Furnace Slag Cement

At present, the application of blast furnace slag powder is common in the private construction industry, and public construction and civil engineering. Considering costs and quality, pre-mix concrete plants became increasingly dependent on blast furnace slag powder and fly ash. In terms of large-scale projects, various counties and cities are actively engaged in transportation infrastructure projects such as social public housing, roads, metro systems (Taipei/Taoyuan/Kaohsiung), light rail, elevated railways, and underground construction. Other projects include the Taiwan Power Company's LNG natural gas storage tanks, Taoyuan Aerotropolis, the Asia Silicon Valley Innovation and Research Center, fishing ports, and the construction or expansion of semiconductor wafer fabs in Hsinchu Science Park, Southern Taiwan Science Park, and Nanzih Export Processing Zone. The indoor storage facilities for Dragon Steel and CSC raw materials are also part of our ongoing efforts. To strive for our target, the Company spared no effort in cooperating with the government's public construction budgets and privately invested constructions in 2023 with respect to small-scale constructions to develop premium customers. In recent years, the strong promotion of CO<sub>2</sub>

reduction worldwide, and the inclusion of CO<sub>2</sub> reduction as an item for environmental protection assessment has been facilitating the popularization of blast furnace slag cement. For the market layout in the future, the Company will primarily focus on the continual expansion of materials supply for significant public constructions and the development of special material markets to facilitate the use of its production capacity and growth of sales. Since the publishing of the "Blast Furnace Slag Manual for Public Concrete Construction" by the Public Construction Commission, Executive Yuan, in November 2001, it has been providing assistance in promoting the use of blast furnace slag powder in public constructions.

- (2) Industrial by-product precision processing industry and development prospects  
Through years of foreign and domestic data collection, research, and experiments, the Company has made a breakthrough regarding the technical development of industrial by-products. The products developed have multiple usages. In the future, the Company will properly adjust our product profile according to market requirements and manage to expand into markets with economic values. Such technical developments render long-term interests for the Company.
3. Favorable and unfavorable factors of competitive niches and development prospects
  - (1) Competitive niches
    - ① Realize product segregation through developing suitable products focusing on different usages in accordance with customers' demands.
    - ② Implement manufacturing procedure management and equipment maintenance to effectively improve production capacity and reduce costs.
    - ③ Pay attention to quality control to achieve stable product quality.
    - ④ Reinforce customer services to satisfy customers' demands.
    - ⑤ The Company has distribution center in Northern, Central, and Southern regions, providing relatively higher flexibility for material supply as compared to other companies within the industry.
    - ⑥ Respond to the government's environmental protection regulations and continue reducing power and fuel consumption to minimize pollution.
  - (2) Favorable Factors
    - ① Blast furnace slag powder has been used in engineering constructions in the long run, and construction company had gained comprehensive knowledge regarding its performance, such as subsequent strength ductility, reducing the heat of hydration, improving compactness of concrete, suppressing effects of alkali-aggregate reaction on concrete, and concrete durability.
    - ② The Company's products are in line with economic efficiency: Regarding the cost of pre-mix concrete, our products may reduce costs and improve quality.

- ③ Product and service specialization: Market segregation is favorable for attracting customers requiring special usages. Except for standardized products such as blast furnace slag powder and blast furnace slag cement, the Company has been proactively developing specialized or customized products exclusively designed that are more efficient and practical for customers.
- ④ Long-term stable raw material supply: The Company is a subsidiary invested by China Steel Corporation and has long-term cooperation with China Steel Corporation and Dragon Steel Corporation, and the involving parties have executed long-term material supply contracts. In 2018, Formosa Ha Tinh Steel Corporation had newly joined as our new collaborative partner. Therefore, there is no risk regarding the insufficiency of our major raw materials - granulated blast furnace slags (GBFS). Also, the Company's plant for slag recycling is adjoining to China Steel Corporation and Dragon Steel Corporation, providing better transport conditions, which is beneficial for the long-term operation and development of the Company.
- ⑤ The Company's overall quality precedes our competitors, and we are the leading brand in the market. The Company successively received the ISO 9001, ISO 14001, ISO 45001, TAF certification for national laboratories, CSR certification, recycled green building material mark, and the Green Mark certification. BS 8001 Circular Economy Standard was verified on Mar. 9, 2022. Furthermore, the Company focuses on its R&D, and the Company is the first among its competitors to set up the R&D unit, which received the product's CNS Mark from the Bureau of Standards, Metrology and Inspection and was recognized by the Taiwan Accreditation Foundation's laboratory for registration. The Company also received the 20th National Quality Award on 12 April 2010.
- ⑥ The distribution center at Taipei Port had formally commenced its operation and sales in June 2014, which helped stabilize the Company's supply of slag powder in the Northern region, shortening the transport distance of customer's delivery-taking in the Northern region.
- ⑦ Three of the Company's products (including Blast Furnace Slag Cement) received the recycled Green Building Material certificate from the Ministry of the Interior, which is beneficial for product segregation from competitors and business promotion.
- ⑧ In response to the environmental protection policies related to energy-saving and carbon reduction promulgated by the government, the Company became the first to complete the carbon footprint certification for multiple packaged products such as Blast Furnace Slag Powder, Fly

Ash Slag Powder, and Blast Furnace Slag Cement within the industry, passed the water footprint verification, purchased green power, assisted in the requirements and application of public constructions or constructions invested by private enterprises.

(3) Unfavorable factors

- ① It is easy for potential domestic competitors to enter the market.
- ② If the supply and demand in the international market reverses and the importer peers import granulated blast-furnace slag raw materials at low cost for domestic grinding (even with cement) and sell at low prices, or if the domestic demand shrinks, the competitiveness of the Company's products will be affected.
- ③ Whether the raw materials can be supplied consistently is greatly affected by the economic cycle of the steel market. Besides, an annual contract is often used in ordering imported raw materials. If there is a shortage of domestic raw materials, it will be more difficult to find them in a timely manner. For example, due to the sluggish global steel market and the still strong domestic concrete demand in the second half of 2022, the granulated blast-furnace slag was in serious shortage. Therefore, we should actively look for imported material sources.

4. Response measures

- (1) Product diversification: Extend into products related to the construction industry; the items for business expansion include high-fineness Blast Furnace Slag Powder, Type I, Type II, and Type V Blast Furnace Slag Cement, Fly Ash Slag Powder, sacked Blast Furnace Slag Cement, and Special-Purpose Materials.
- (2) Improve quality and strive for market segregation: Based on customers' demands for products, provide premium quality, adhere to the spirits of ISO 9001, ISO 14001, OHSAS 18001, CSR, and the National Quality Award, and continue to reinforce our core competitiveness of professional technologies and fine services to improve customers' satisfaction.
- (3) Promote the results of certification regarding the carbon footprint of the Company's products and the energy-saving and carbon reduction system, so that consumers may understand the supply chain system of the Company's products and our products' contribution regarding the greenhouse effect issue.
- (4) We will keep a close watch on market demand information and changes in the steel market, and adjust production, sales, inventory, and procurement strategies accordingly. We will also improve the dispatch of raw materials and finished products to the central and northern part of Taiwan to consistently meet the needs of the construction market.

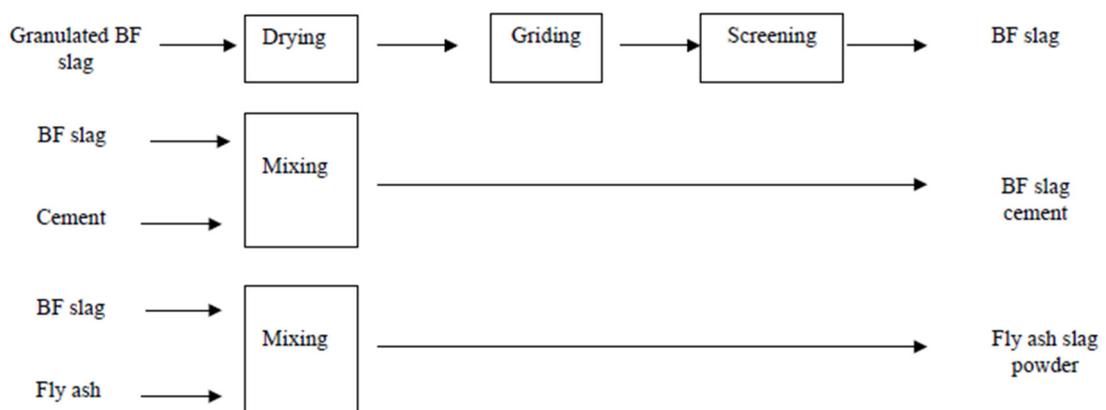
## (II) Key applications and manufacturing process for major products analysis

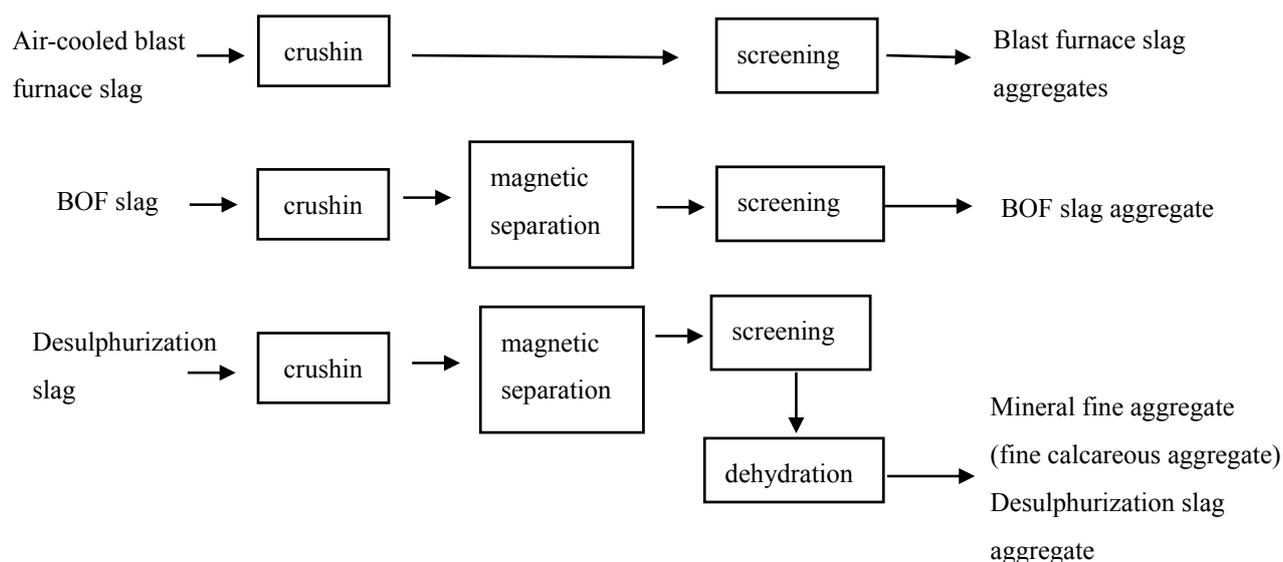
### 1、Key applications of major products

Major products or services items		Major applications and functions
Blast Furnace Slag Cement and Blast Furnace Slag Powder production	Ground-Granulated Blast-Furnace Slag (GGBFS)	1. Maritime engineering for harbors and underground structures 2. Civil and hydraulic engineering 3. Road and bridge construction 4. High rise building construction 5. Other special concrete
	Fly Ash GGBFS	
	GBFS Cement	
	New Type of Sacked Blast Furnace Slag Cement	
	Special-Purpose Materials and Wall Tiles Adhesives	
Air-cooled blast furnace slag processing and recycling	Blast furnace slag aggregates for concrete	1. Aggregates for roads 2. Concrete aggregates
	Blast furnace slag aggregates for roads	3. Raw meal 4. Track engineering base materials
Basic oxygen furnace slag processing and recycling	BOF slag aggregate, BOF slags fine aggregate	1. Asphalt concrete aggregates 2. Temper Road Material 3. Raw materials for Steelmaking procedure 4. Marine engineering materials 5. Raw materials for cement production
Desulphurization slag processing and recycling	Mineral fine aggregate (fine calcareous aggregate) and desulphurization slag aggregate	1. Raw materials for cement production 2. Auxiliary materials for CLSM 3. Raw materials for Ironmaking procedure

### 2、Manufacturing process of major products

#### Manufacturing Processes of Primary Products





### (III) Supply of Major Raw Materials

1. The Company's primary raw material is granulated blast furnace slag.
2. The major suppliers are China Steel Corporation and Dragon Steel Corporation, the supply is stable.

### (IV) Name of customers accounted for at least 10% of the purchase (sales) in either of the two most recent years and the respective amount and percentage of their purchase (sales)

1. Information of major suppliers in either of the two most recent years

Consolidated Financial Statements

Unit: NT\$ thousands

Item	Name	2023			2022			
		Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
1	China Steel Corporation	728,324	19	Related Party	China Steel Corporation	696,033	19	Related Party
2	Formosa Ha Tinh Steel Corporation	497,873	13	Related Party	Chung Hung Steel Corporation	469,215	13	Related Party
3	Chung Hung Steel Corporation	378,118	10	Related Party	Formosa Ha Tinh Steel Corporation	402,131	11	Related Party
4	Dragon Steel Corporation	331,464	9	Related Party	Dragon Steel Corporation	362,642	10	Related Party
5	Others	1,897,575	49		Others	1,803,025	47	
	Net purchases	3,833,354	100		Net purchases	3,733,046	100	

Standalone Financial Statements

Unit: NT\$ thousands

Item	2023				2022			
	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
1	China Steel Corporation	728,324	21	Related Party	China Steel Corporation	696,033	21	Related Party
2	Chung Hung Steel Corporation	378,118	11	Related Party	Chung Hung Steel Corporation	469,215	14	Related Party
3	Dragon Steel Corporation	331,464	10	Related Party	Dragon Steel Corporation	362,642	11	Related Party
4	Others	1,961,703	58		Others	1,727,695	54	
	Net purchases	3,399,609	100		Net purchases	3,255,585	100	

## 2. Information of major customers in either of the two most recent years

Consolidated Financial Statements

Unit: NT\$ thousands

Item	2023				2022			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
1	China Steel Corporation	3,150,046	25	Related Party	China Steel Corporation	2,731,800	24	Related Party
2	Dragon Steel Corporation	1,453,824	12	Related Party	Dragon Steel Corporation	1,422,211	12	Related Party
3	Others	7,791,032	63		Others	7,228,618	64	
	Net sales	12,394,902	100		Net sales	11,382,629	100	

Standalone Financial Statements

Unit: NT\$ thousands

Item	2023				2022			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
1	China Steel Corporation	3,072,783	28	Related Party	China Steel Corporation	2,689,764	26	Related Party
2	Dragon Steel Corporation	1,400,136	13	Related Party	Dragon Steel Corporation	1,345,564	13	Related Party
3	Others	6,611,825	59		Others	6,234,192	61	
	Net sales	11,084,744	100		Net sales	10,269,520	100	

**(V) Breakdown of production volume in the most recent two years**

Unit: NT\$ thousands ; ton

Major Product	Year	2023			2022		
	Production Volume and Value	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
	Ground-Granulated Blast-Furnace Slag (GGBFS) (Note 2)		3,052,000	3,206,044	3,221,785	3,052,000	3,236,568
Fly Ash GGBFS		-( Note 1)	52,192	43,396	-( Note 1)	69,500	52,156
GBFS Cement		-( Note 1)	136,360	288,318	-( Note 1)	130,292	252,392
Special-Purpose Materials		-( Note 1)	250,616	460,702	-( Note 1)	299,230	507,668
Resource Reutilization Treatment business		0	2,878,240	4,982,161	0	3,156,203	4,408,353
Resource Reutilization Production business		0	44,759	494,601	0	53,654	718,342
Total		3,052,000	6,568,211	9,490,963	3,052,000	6,945,447	8,830,877

Note 1: Mix according to the actual requirements.

Note 2: Include the amount provided to produce and manufacture other finished goods: 262,549 tons for 2023. 308,762 tons for 2022.

**(VI) Breakdown of sales volume in the most recent two years**

Unit: NT\$ thousands ; ton

Major Product (Division)	Year	2023				2022			
	Sales Volume and Value	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ground-Granulated Blast-Furnace Slag (GGBFS)		3,026,262	4,296,504	1,440	2,509	2,964,240	3,645,305	960	1,159
Fly Ash GGBFS		50,896	71,197	0	0	67,433	82,144	0	0
GBFS Cement		137,783	366,391	0	0	126,969	318,880	0	0
Special-Purpose Materials		248,375	572,249	0	0	307,430	651,244	0	0
Resource Reutilization Treatment business		2,878,240	5,051,579	0	0	3,156,203	4,559,744	0	0
Resource Reutilization Production business		44,088	461,867	658	10,311	53,544	724,312	0	0
Trading income		420,322	16,638	27	176	412,130	17,813	179	2,447
Others		0	217,527	0	17,796	0	242,207	0	24,265
Total		6,805,966	11,053,952	2,125	30,792	7,087,949	10,241,649	1,139	27,871

### III. Employees

Information on the employees of CHC Resources and subsidiaries)

Date: March 31, 2024

Year		End of 2023	End of 2022	2024.03.31
Number of Employees		604	591	603
Average Age		41.10	40.72	41.11
Average Years of Service		10.57	10.18	10.45
Distribution of Academic Qualifications (%)	PhD	0.66%	0.68%	0.66%
	Master's degree	18.87%	18.61%	19.24%
	Bachelor's degree	53.81%	54.82%	53.40%
	High school	24.01%	23.01%	23.88%
	Below high school	2.65%	2.88%	2.82%

Information on individual employees of CHC Resources

Date: March 31, 2024

Year		End of 2023	End of 2022	2024.03.31
Number of Employees		291	284	291
Average Age		47.02	46.41	46.70
Average Years of Service		16.19	15.91	15.68
Distribution of Academic Qualifications (%)	PhD	1.37%	1.41%	1.37%
	Master's degree	35.05%	35.21%	35.40%
	Bachelor's degree	51.90%	51.41%	51.89%
	High school	11.68%	11.97%	11.34%
	Below high school	0.00%	0.00%	0.00%

### IV. Information on Environmental Protection Expenditure

#### (I) Losses caused by pollution in the most recent year up to the publication date of this annual report

Company	2023	As of March 31, 2024	
	CHC Resources	CHC Resources	
Date of Punishment (Date of violation)	2023.08.08 (2023.06.14)	2024.02.16 (2023.12.27)	2024.02.16 (2024.01.02)
Punishment Letter No.	No. 30-112-080007 from Environmental Protection Bureau, Kaohsiung City Government	No. 30-113-020004 from Environmental Protection Bureau, Kaohsiung City Government	No. 30-113-02003 from Environmental Protection Bureau, Kaohsiung City Government
Regulations Violated	Paragraph 1 Article 7 of the Water Pollution Control Act and Paragraph 1 Article 28 of the Water Pollution Control Act	Article 18 of the Water Pollution Control Act and Article 4、Paragraph 1 Article 12 of the Water Pollution Control Measures and Test Reporting Management Regulations	Article 18 of the Water Pollution Control Act and Article 4 of the Water Pollution Control Measures and Test Reporting Management Regulations

Company	2023	As of March 31,2024	
	CHC Resources	CHC Resources	
Content of Regulations Violated	On June 14, 2023, the Environmental Protection Agency conducted an inspection and discovered that the area where basic oxygen furnace slag was stored in the factory was being eroded due to continuous rainfall. This resulted in the generation of wastewater that flowed into the factory's wastewater collection trench, which then overflowed into the rainwater trench. The wastewater was discharged from the factory through the rainwater outlet (RD01), causing pollution. No emergency response measures were taken, and the incident was not reported within three hours of its occurrence, as required. Violation of Article 7, Paragraph 1, of the Water Pollution Control Act, Article 2 of the Effluent Standards, and Article 28, Paragraph 1 of the Water Pollution Control Act.	The wastewater treatment facility T01 at the Kaohsiung plant, including the dosing machine, blower, and discharge pump, are all indicated as being in a stopped state. Additionally, there is no sulfuric acid in the dosing tank. The M01 furnace stone storage area X101 is equipped with a sloping car wash platform and a sedimentation tank, which are not recorded in the Water Pollution Prevention Measures Plan (hereinafter referred to as the Water Measures). Furthermore, there is no dedicated cumulative water metering facility set up in front of the wastewater treatment facility.	The Lin-hai Plant has not recorded the content of granulated blast-furnace slag in its wastewater collection system, which includes an underground tunnel and a sedimentation pond. The pH adjustment pond's content does not match the Water Measures. In 2022, the volume of recycled water used for pollution prevention exceeded the approved amount in the Water Measures.
Content of Punishment	1. Fine of NT\$ 561,600 2. 2-hour learning course of environmental protection	1. Fine of NT\$ 10,500 2. 2-hour learning course of environmental protection	1. Fine of NT\$ 10,000 2. 1-hour learning course of environmental protection

Except for those listed in the above table, the Company and other subsidiaries had not been punished due to pollution in 2023 and as of the printing date of the annual report.

Note: Regarding the environmental penalty incident of 2022, an appeal was made due to flaws in the inspection sampling or testing procedures, and there were oversights in the original decision. Therefore, the original decision was rescinded. The responsible authority notified the refund process on November 30, 2023, and the refund was completed on January 8, 2024.

### Countermeasure

#### 1. Improvements proposed

##### (1) Improvement plans

- ① The primary motor at the Kaohsiung grinding plant A factory's second line has been replaced to enhance operational efficiency and reduce energy consumption.
- ② The air compressor at the Kaohsiung grinding plant's third line, 463-1, has been replaced to enhance operational efficiency and reduce energy consumption.
- ③ The air compressor at the Taichung Grinding Plant has been upgraded and updated to reduce energy consumption.
- ④ The dust collection system at the Taichung Grinding Plant has been updated to enhance equipment performance and prevent dust dispersion.
- ⑤ The Taichung Grinding Plant has undertaken a project to replace its high-pressure air pipeline system to enhance equipment performance and reduce energy consumption.
- ⑥ The fuel conversion at the Taichung Grinding Plant, from coal to natural gas, can result in a reduction of greenhouse gas and nitrogen oxide emissions.
- ⑦ Develop the "Environmental Inspection and Verification Guidelines Manual" to enhance the capabilities of each factory in managing on-site environmental tasks to

ensure full compliance with environmental regulations and prevent environmental pollution.

- ⑧ Implement ISO 46001:2019 Water Resource Efficiency Management System and complete third-party verification.
- ⑨ The Li-chang plant has established a rainwater and wastewater recycling system to achieve the goal of resource circulation and reuse.
- ⑩ The Maolian Storage Area has established "Operational Standards for Heavy Rainfall," to provide guidelines for on-site operations during periods of heavy rainfall.
  - The Maolian Storage Area has implemented improvements to its wastewater treatment facilities, enhancing the efficiency of wastewater recycling and reuse.
  - The Yong-chun plant has installed additional dust collection equipment to reduce the dispersion of operational dust within the facility.
  - The Yan-hai plant has installed additional surveillance system equipment in its factory area to comply with the revised environmental regulations.

(2) Estimated environmental protection expenses for the next three years

- ① NT\$98.5 million for improvements in pollution control.
- ② NT\$80 million for improvements of energy consumption.

(3) Effects after the improvements

- ① Effects on net profit: No significant effect.
- ② Effects on competitive status:
  - i. Enhance corporate social image
  - ii. Solve environmental problems, maintain a good working environment, and ensure a healthy working environment for employees

2. Parts with no response measures taken

- (1) Reasons for not taking response measures: None.
- (2) Status of pollution: None.
- (3) Possible losses and amount of compensation: None.

## **V. Protection Measures for Working Environment and Employees' Personal Safety**

The Company has established a safe, reasonable, and healthy working environment. The protection of employees' life safety is the occupational safety management principle of the Company. Based on the existing policy of prevention in advance, the following measures are adopted :

(I) Safety management

- 1. Operating environment monitoring: In accordance with the requirements of laws and regulations, and to understand the working environment of employees, the Company engages a qualified monitoring institution for an operating environment monitoring semi-annually; the primary items include noise, dust, CO<sub>2</sub>, illuminance, and specific chemical substances, organic solvent, etc.
- 2. Contractor management  
To effectively improve concepts of environmental safety and health for all

contractors and minimize the occurrence of accidents, the Company utilizes the fines arising from defaults of contractors by way of exclusive fund for exclusive purposes in proposals of environmental safety and health and energy to contractors, subsidies to contractors for consolation money regarding events of injuries due to business purposes, safety and health education training and seminar funds, the requirements of purchasing relevant items for promoting or executing environmental safety and health and energy affairs, incentives for participating in or assisting the Company in the promotion of environmental safety and health and energy works, and other relevant incentives and events for utilization approved by the President, so as to improve the education level concerning environmental safety and health for contractors and reinforce their concepts for environmental safety and health.

Except for relevant hazard notice provided by the authorized unit, the Industrial Safety & Hygiene Office shall organize a general safety and health educational training of one hour for any contractor who is required to enter the workplace of the Company before entering the plant for work, and the contractor shall be able to enter the plant subject to the passing of a test.

In addition, in order to align the mindsets of contractors and the Company and reinforce the cohesion therein, contractors are invited to participate in all educational training or events related to environmental protection and health organized by the Company. By the end of the year, employers of all resident contractors are invited to make exchanges regarding occupational safety with the Company's management, carry out reviews on past events, and communicate. It is hoped that the Company may communicate its opinions with our long-term working partners through such opportunities. Except for improving the consensus for occupational safety, reinforcing the occupational culture of and enhancing associations between both parties are further expected.

To improve the understanding of resident contractors regarding the new act, accord to the requirements of the new occupational safety act, and safeguard the health of contractors' employees, the Company caused personnel related to all contractors to participate in the tutorial provided by the "Labor Health Service Center.," Occupational Safety and Health Administration, and duly implement "Protection Measures for Labors' Physical and Mental Health," such as conducting regular operating environment monitoring, and physical and health inspection with general and normal items, implementing "Measures for Preventing Diseases and Health Management" relevant to abnormal workloads, and establishing a "Hearing Conservation Program."

Since December 2017, to improve the implementation of contractors regarding self-managed events for occupational safety and health and ensure employees' life safety and health, the Company established the "Contractor Occupational

Safety and Health Committee" (the "Contractor Safety Committee"). A total of 29 contractors, with an aggregate of 600 employees) in the Kaohsiung region have joined the Committee. The Committee formally commenced its operations in January 2018, and provides positive assistance in improving occupational safety literacy and awareness of contractors and employees.

After operation for one and a half year, the Company's contractor security committee called for the contractors in Taichung area to join the committee in June 2019. In 2020, we organized "Health Family" with 17 contractors from the central and southern Taiwan and served as the Core Business for the "Health Family". For this, we received the Certificate of Appreciation from the South Health Center of the Occupational Safety and Health Administration on December 16, 2022 and November 20, 2023.

In an effort to enhance the occupational safety capabilities of our contractors and provide a channel for mutual assistance, our Company, as the core unit, has joined the "Kaohsiung City Labor Bureau Safety and Health Family Plan" in collaboration with our cooperative manufacturers' safety committee. The plan was initiated on February 20, 2023, and we invited the Kaohsiung City Labor Bureau to explain the contents of the Safety and Health Family Plan.

Furthermore, on April 28, 2023, we received the Safety and Health Family flag from the Labor Inspection Office of the Labor Bureau.

3. Personnel life management

Hazards precognition before work: When conduction hazard notification before the commence of daily work, the Company implements the danger precognition of "Zero-Incident," observes mental conditions of employees, and adjusts their work accordingly.

Sobriety test control: To realize the objective of "no alcohol at work," the Company has "breathalyzers" at the security offices at its plants and stations. The sobriety test shall be performed for all personnel participating in high-risk constructions and engineering constructions upon entering the plant. Also, random sobriety tests are conducted for resident personnel; where test results exceed the control standard, such personnel may not enter the plant, and fines and demerits would be imposed on the contractor.

Speed limit control: Large vehicles enter/exit the Company's plants frequently. To care for personnel and vehicle safety of our plants, the Company strictly implements the requirements of driving speed limit of 30km/hr for the roads of our plants, and the driving speed may not exceed 20km/hr for particular areas. A periodical speed monitoring at unfixed spots is also adopted and have recorded satisfactory results.

4. Safety and health inspection

To eliminate unsafe factors, except for requiring all units to establish their "self-

inspection plan" and implements "self-inspection" on a yearly basis, the Company also stated the frequency of on-site inspection for supervisors and personnel on different hierarchy in its annual management plan and implemented management by wandering around regarding safety and health. The items include senior executive inspection/junior executive inspection/person in charge of the workplace/occupational safety personnel/plant safety personnel/management representative and safety and health committee inspection. The deficiencies observed shall be set out in the "Environmental Safety and Health and Energy On-site Inspection and Observation Report" and issue the "Environmental Safety and Health Anomaly Treatment and Correction Record," and include it into ISO control and confirm its continual improvement results.

5. Promote the "Zero Incident - Danger Precognition" activity

The Company promotes zero incident activity. Cognition training is initially adopted, then all units and resident contractors shall assign seed personnel to learn the concepts of zero-incident. The danger precognition activity related to zero-incident shall be performed before the commencement of daily works starting from the operators on the front-line, so as to realize the daily danger precognition and healthcare.

(II) Hygiene management

1. Health management

The Company established its "Health Information Management Platform" to include employees' physical/health inspection into the health management system and implement E-management for health. Employees may browse their own health inspection records online.

The Company had executed the doctors' basic occupational health services contracts with Kaohsiung Medical University Chung-Ho Memorial Hospital and Tungs' Taichung Metro Harbor Hospital, respectively, for providing services of health consultancy and health lectures for the Company's Kaohsiung Plant and Taichung Plant.

According to the new regulations on occupational safety, we established the "Protection Measures for Labors' Physical and Mental Health" including "Hearing Conservation Program", "Ergonomic Hazard Prevention Program", "Procedures for the Management of Preventing Illegal Infringement when Performing Duties", "Procedures for the Management of Maternal Health", "Procedures for the Management of Preventing Diseases Caused by Abnormal Workloads", and "Respiratory Protection Scheme" to protect the health of our employees. Furthermore, the Company works with our doctors with contracts and establish health risk levels and annual health management measures based on the results of annual health inspection during the first quarter each year.

According to the results of the employees' annual physical examination and the risk level, we conduct "Personal Health Consultation Session" and promote "Workplace Health" for our employees. Personal Health Consultation Session is conducted by different on-site specialist doctors. Various health seminars were held in 2023, including "Prevention of High Blood Pressure, High Blood Sugar, High Cholesterol, and Heat-Related Hazards" and "Prevention of Noise-Related Hazards". In response to the "Respiratory Protection Program", we held health education courses on "Dust Procedure - the Impact on Health" regarding the dust procedure workplace aspect.

2. Promotion for quitting tobacco and quitting betel nut

The Company continues to implement the "tobacco-free worksite" and observes requirements related to various types of "worksite tobacco control." Also, to protect non-smokers from the effects of second-hand smoke and respect the rights of smokers, the Company continues to communicate the possible hazards of smoking to health and set up "Smoking Zones" and relevant fines to control improper smoking behaviors. Starting in 2021, due to our commitment to promoting a smokefree workplace and healthy living, we have obtained the "Healthy Workplace Certification - Health Activation Mark" from the Health Promotion Administration of the Ministry of Health and Welfare. In 2023, we have established an excellent healthy work environment and have obtained the next-stage "Healthy Workplace Certification - Health Promotion Mark".

(III) Carbon reduction and green living

1. The Company observes the green living policy of CSC Group and promotes relevant events from aspects of food, clothing, shelter, travel, and entertainment, so as to cultivate employees' green living habits of treasuring resources, energy conservation, and carbon reduction, and cultivating a green corporate culture to foster a friendly workplace, and participate in the green life activities organized by the Group, tour and promote the innovation mindset of various companies within the Group.
2. The Company's measures for good-neighborliness are volunteering for street cleaning, greening and beautification, organizing environmental educational promotion for the communities, sharing energy-saving and carbon reduction experiences, and inviting residents to participate in the environmental protection events. Facing the impacts arising from global climate change, as a part of the global village, CHC Resources aims to fulfill its corporate social responsibility to protect the global environment's sustainable development.

(IV) Environmental safety educational training

1. Establishment of environmental safety and health and energy network platform  
The Company set up the "environmental safety and health and energy

information platform" on its intranet to provide convenient services for employees' inquiries; the content includes the ISO document center, regulation inquiries, health inspection, low-carbon life recorder, and other information, which are available for employees to refer to and search.

2. Environmental safety and health and energy certificates

Our company's environmental safety and health certification is based on the ISO "Environmental Safety and Health Education Procedures" regulations for related training operations. In order to maintain the validity of the environmental safety and health licenses. In 2023, our Company commissioned qualified training units to conduct on-the-job training for various levels of personnel (including contractors) for the "Occupational Safety and Health Supervisor" certification. The related on-the-job education training involved approximately 250 individuals. For other courses such as environmental protection, fire prevention, safety and health, etc., which we cannot offer ourselves, each unit will send its staff for training to maintain or refresh the validity of its certification according to its needs.

3. Environmental safety and health and energy education

In 2023, the educational training related to environmental safety and health and energy organized by the Company recorded a training headcount of 1,789 people and a total number of hours amounted to 5,206 hours

## VI. Labor Relations

**(I) The Company sets out its employee benefit programs, welfare measures, continuing education, training, retirement policy, and their implementation, as well as the agreement between employees and the employer, and protection measures for employees' rights and interests.**

1. Employee benefit programs and their implementation

To care for its employee, the Company provides a safe and harmonious working environment, rolls out various welfare measures, and holds different activities to allow employees to relax physically and mentally and release the business and tension of work, rendering enrichment and comforts for living.

Employees' benefit programs are as follow:

(1) Appropriate bonuses as generously as possible.

(2) Distribute bonuses for four festivals (Dragon Boat Festival, Labor Day, Mid-autumn Festival, and Chinese New Year), employees' emergency aids, marriage allowance, maternity benefit, employees' dependent education subsidy, and birthday bonuses.

(3) Group comprehensive insurance.

2. Retirement Policy and their implementation

The employees' retirement policy of the Company observes the relevant requirements

under the "Labor Standard Act," "Labor Pension Act," and the "Regulations for the Retirement, Pension, Occupational Hazard Compensation, and Severance" of the Company.

The Company established the Supervisory Committee of Labor Retirement Reserve according to the law and provided labor retirement reserve on a monthly basis.

Furthermore, according to the Labor Pension Act implemented on July 1, 2005, the Company appropriates 6% of the salary for employees qualified for the new labor pension system to the Bureau of Labor Insurance as their retirement pension on a monthly basis according to the law. As of the end of 2023, 172 employees qualified for the new system, while 106 employees remained to adopt the old system.

3. Implementation of employees' continuing training

The Company sets up an annual training budget to encourage employees to participate in various professional training and seminars. In order to establish a career development training program for employees, the Company conducts annual performance appraisals for all employees and requires unit supervisors to review the career development situation and the knowledge and skills that need to be strengthened during the annual performance appraisal, which is used as the basis for drawing up the training program. The training cost for 2023 was NT\$2,177,446 and the training hours were 5,530, with an average of about 20 hours per person. In the areas of industrial safety, environmental protection, and fire prevention, we continue to strengthen the necessary training required by law for occupational safety and health licenses, fire prevention licenses, and air and water waste and toxic operations.

4. Agreement between employees and the employer

In an effort to promote labor-management harmony, our company first time signed an collective bargaining agreement with the CHC Resources Union on January 6, 2022. The agreement has a term of three years and applies to all employees within the company. The content includes ten chapters, "General Provisions", "Union Activities", "Human Resources", "Work Time, Rest and Vacations", "Work Remuneration and Bonus", "Manpower Development", "Welfare", "Safety and Health", "Labor-Management Meeting, Group Negotiation, and Handling Labor-Management Disputes" and "Supplementary", which constitute 75 articles.

The section on "Remuneration and Bonuses" includes provisions for profit sharing, such as incentive bonuses and production and sales bonuses.

5. Code of Ethics for Employees

The "Code of Ethics for Employees" and "Guidelines for Employees' Recusals for Conflicts of Interests" within the rules of the Company are set out to regulate employees' behaviors and code of ethics.

**(II) Set out the losses suffered due to labor-capital disputes in the most recent year up to the printing date of the annual report, and disclose the estimated amount that may occur at present and in the future and the response measures. Where the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be described:** None

**(III) Salary structure and salary adjusting mechanism**

The primary items of remuneration include basic salary, position compensation, meal allowances, incentives, annual bonuses, and employees' remuneration, and the Company further provides the salary guarantee of 13-month annual salary. The distribution of incentives, employees' remuneration and salary adjustment is integrated with employees' evaluation.

## **VII. Information Security Management**

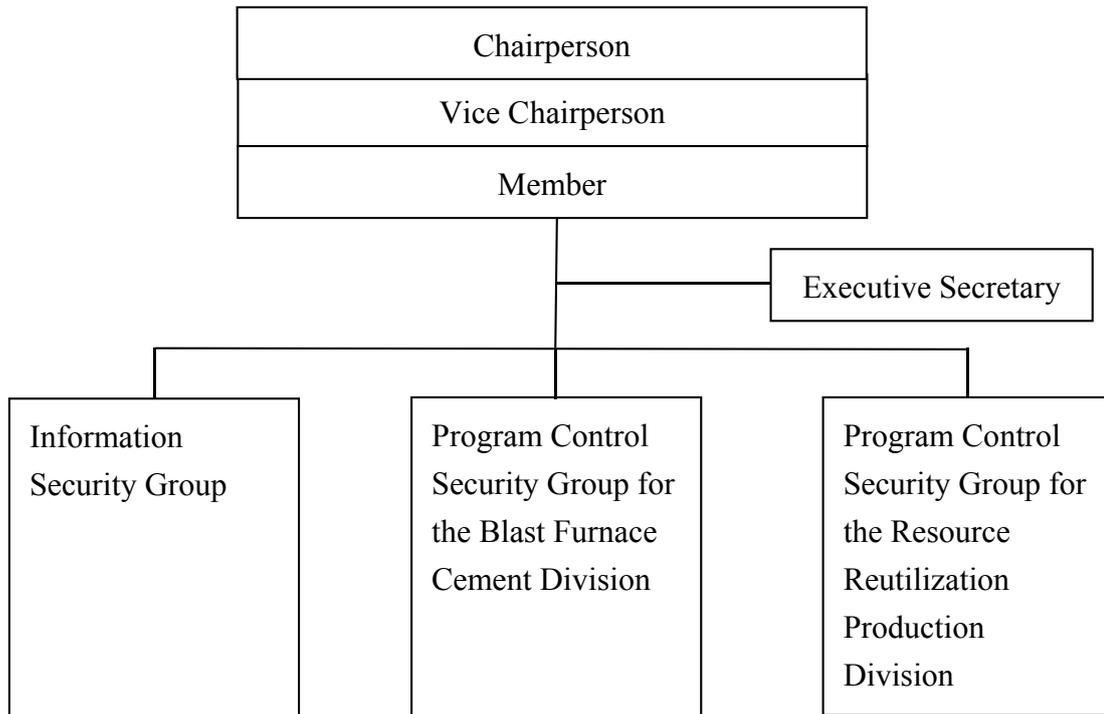
**(I) Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management, etc.**

**1. Information Security Risk Management Framework**

The Company established the "Information Security Committee" in 2022 to review information security management policies and objectives, information security management promotion measures, and other information security matters.

The Information Security Committee is chaired by the Vice President governing the Administration Division, who also serves as the Chief Information Security Officer; the Assistant Vice President of the Administration Division serves as a Vice Chairperson; The first level supervisors of the Blast Furnace Cement Division, Resource Reutilization Production Division, Resource Reutilization Commercial Division, Research & Technology Division, and Industrial Safety & Hygiene Office are all Members of the committee. We also established the Information Security Group, Program Control Security Group for the Blast Furnace Cement Division, and Program Control Security Group for the Resource Reutilization Production Division to carry out the company's information security affairs.

The Information Security Committee holds quarterly meetings to regularly review the implementation of information security affairs, and report annually to the Board of Directors on the implementation results and future implementation plans of information security.



## 2. Information Security Policy

The Company's information security policy covers all employees, outsourced service providers, and visitors, and is guided by the principle of "strengthening information security management, establishing a secure and trustworthy operating environment to ensure the security of data, systems, related network environments, and equipment, and to protect customers' rights". We also established next-generation firewalls, endpoint protection, antivirus systems, and various information security control measures to enhance the company's ability to defend against external attacks and protect internal sensitive information.

The Company adopts a PDCA (Plan, Do, Check, Act) cyclic management in practice to continuously improve the information security system.

The "Plan" Stage: Emphasizing information security governance, we have established our Company's information security policy framework and operational procedures in accordance with regulations such as the Regulations Governing Establishment of Internal Control Systems by Public Companies and the Cyber Security Guidelines for TWSE/TPEX-Listed Companies.

In the "Do" stage": We will push for the implementation of information security affairs. In addition to establishing a comprehensive protection mechanism and cooperating with professional information security providers to introduce new information security protection technologies, we will continue to raise the employees' security awareness by advocating related policies, conducting trainings and holding regular social engineering exercises. Regularly participating in the information security joint defense meetings organized by the group, and joining TWCERT/CC to enhance

the sharing of information security intelligence and exchange of experiences.

Furthermore, on July 3, 2023, we obtained the ISO 27001 Information Security Management System certification. This certification strengthens our Company's information security governance system and implements a more comprehensive set of information security management standards.

The "Check" Stage: We will regularly evaluate asset security risk management, carry out internal and external audits, and assign professional information security providers to conduct regular vulnerability scanning on our information systems, and identify and address problems early to ensure the effectiveness of the information security system.

The "Action" Stage: We will regularly review the results of information security actions to see if they comply with information security policies and goals, developed specific corrective and preventive measures for those that did not meet the standards until an improvement is made, and continue to train personnel when necessary.

### 3. Specific Management Plan

In order to achieve the policies and objectives of information security and establish a complete information security protection scheme, the specific management plan will be carried out as follows:

**Monitoring Online Activities:** The Company's Information Security Center will monitor online activities 24-7 to be responsive to major information security risks, and reduce low to medium-level information security risks on a monthly basis.

**Reviewing Security Settings:** All personal computers will install antivirus software and account permission control. USB access and software installation permissions will be disabled by default.

We will conduct regular security updates and major vulnerability patches on the servers, and assign professional security service providers to conduct vulnerability scanning.

**Improving by Auditing:** We will establish and implement information security standards in accordance with relevant laws and regulations and the information security management system, and conduct audits annually by the Company and external/internal auditors to make necessary improvements.

**Email Control and Social Engineering Exercises:** The email system will be filtered through spam servers, and social engineering exercises will be conducted regularly to raise the employees' awareness of information security.

**(II) Specify a list of the losses suffered as a result of material information and communication security events, their possible impact and the measures to be taken for the most recent year and up to the publication date of the annual report, and if it cannot be not reasonably estimated, specify the fact that it cannot reasonably estimated:** None.

## VIII. Important Contracts

### 1. The Company

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenants
Land lease contract	Port of Taichung, Taiwan International Ports Corporation, Ltd.	2007.01.01~ 2026.12.31	Water-quenched basic furnace slag grinding and slag processing factory	None
Land and building lease contract	Shang Chen Steel Co., Ltd.	2012.05.01~ 2029.04.30	Processing factory for blast furnace and basic oxygen furnace slag	None
Land and building lease contract	Yu Cheng Lime Corporation	2022.01.01~ 2026.12.31	Product storage area	None
Land lease contract	Port of Taichung, Taiwan International Ports Corporation, Ltd.	2016.02.04~ 2036.02.03	Slag processing factory	None
Land lease contract	China Steel Corporation	2022.01.01~ 2026.12.31	Product storage area	None
Land lease contract	Kai Ching Industry Co., Ltd.	2017.11.01~ 2027.10.31	Product storage area	None
Land lease contract	He Su Co., Ltd.	2018.01.01~ 2027.12.31	Product storage area	None
Land lease contract	Shang Chen Steel Co., Ltd.	2018.02.02~ 2028.02.01	Product storage area	None
Land lease contract	UPC Technology Corporation	2018.11.15~ 2028.11.14	Product storage area	None
Sales contract	Taiwan Cement Corporation Cement product factory	2022.04.01~ 2024.03.31	Sales of blast furnace slag powder	None
Sales contract	Ya Tung Ready Mixed Concrete Co., Ltd.	2023.01.01~ 2023.12.31 2024.01.01~ 2025.12.31	Sales of blast furnace slag powder	None
Sales contract	Goldsun Building Materials Co., Ltd.	2023.03.01~ 2025.02.28	Sales of blast furnace slag powder	None
Sales contract	Universal Cement Corporation	2023.01.01~ 2023.12.31 2024.01.01~ 2024.12.31	Sales of blast furnace slag powder	None
Sales contract	Li Tai Constructional Co., Ltd.	2023.01.01~ 2025.12.31	Sales of blast furnace slag powder	None

<b>Nature of Contract</b>	<b>Contracting Party</b>	<b>Commencement and Expiration Date</b>	<b>Main Content</b>	<b>Restrictive Covenants</b>
Sales contract	Minfeng Industrial Co.,Ltd.	2023.01.01~ 2023.12.31 2024.01.01~ 2024.12.23	Sales of blast furnace slag powder	None
Sales contract	China Steel Corporation	2021.06.15~ 2024.12.31	Sales of GBFS Cement and Special materials	None
Sales contract	Kun Pao Industrial Co., Ltd.	2023.01.01~ 2023.12.31 2024.01.01~ 2024.12.31	Sales of blast furnace slag powder	None
Distributor contract	Kuang Hui Building Materials Co., Ltd.	2023.01.01~ 2023.12.31 2024.01.01~ 2024.12.31	Sales of soil improvement agents	None
Contracting agreement	China Steel Corporation	2022.04.21~ 2024.04.20	Processing and transportation of blast furnace and basic oxygen furnace slag (contract for indoor slag plant at China Steel Corporation)	None
Contracting agreement	China Steel Corporation	2022.04.21~ 2024.04.20	Processing and promoting application of blast furnace slag and basic oxygen furnace slag	None
Contracting agreement	China Steel Corporation	2023.04.21~ 2025.04.20	Processing and transportation of iron slag (coal ash-sludge blended material)	None
Contracting agreement	China Steel Corporation	2023.10.21~ 2029.09.30	The BOF slag transporting and filling operations at the windbreak area of Taipei port logistics and warehousing zone, phase II, III and IV	None
Contracting agreement	China Steel Corporation	2023.04.21~ 2025.04.20	Contract for resourceful operation of used refractory materials	None
Contracting agreement	China Steel Resources Corporation	2022.07.21~ 2024.04.20	O&M of Yanhai Plant at China Steel Resources Corporation	None

<b>Nature of Contract</b>	<b>Contracting Party</b>	<b>Commencement and Expiration Date</b>	<b>Main Content</b>	<b>Restrictive Covenants</b>
Contracting agreement	China Steel Resources Corporation	2022.07.21~ 2024.04.20	O&M of Da-fa Plant at China Steel Resources Corporation	None
Contracting agreement	China Steel Corporation	2022.04.21~ 2024.04.20	Mineral fine material promotion operation	None
Contracting agreement	Dragon Steel Corporation	2023.07.21~ 2024.07.20	Cleaning and transportation of blast furnace slag and basic oxygen furnace slag in-plant	None
Contracting agreement	Dragon Steel Corporation	2022.04.21~ 2024.11.20	Processing and promoting application of blast furnace slag and basic oxygen furnace slag	None
Contracting agreement	Dragon Steel Corporation	2023.03.21~ 2025.03.20	Loading of sludge; processing and transportation of iron slag (coal ash-sludge blended material)	None
Purchase and sales contract	Chung Hung Steel Corporation	2023.04.01~ 2024.03.31 2024.04.01~ 2025.03.31	Scrap purchase and sales contract	None
Contracting agreement	Union Steel Development Corporation	2024.01.01~ 2026.12.31	Sales contract for old refractory shaped bricks	None
Engineering contract	China Steel Express Corporation	2020.11.01~ 2023.12.31 2024.02.01~ 2029.09.30	Coordinated marine transportation engineering	None
Engineering contract	Earth Power Co., Ltd.	2020.11.02~ 2023.12.31 2024.01.01~ 2029.09.30	Taipei port transporting and filling work project	None
Subcontracting agreement	Nan-Hwa Cement Corporation	2023.01.01~ 2024.12.31	Grinding subcontracting agreement for Granulated blast furnace slag	None
Procurement contract	China Steel Corporation	2023.01.01~ 2027.12.31	Granulated blast furnace slag procurement contract	None

<b>Nature of Contract</b>	<b>Contracting Party</b>	<b>Commencement and Expiration Date</b>	<b>Main Content</b>	<b>Restrictive Covenants</b>
Procurement contract	Taiwan Cement Corporation	2020.01.01~ 2024.12.31	Portland cement ordering contract	None
Procurement contract	Asia Cement Corporation	2020.01.01~ 2024.12.31	Portland cement ordering contract	None
Procurement contract	Southeast Cement Corporation	2020.01.01~ 2024.12.31	Portland cement ordering contract	None
Procurement contract	Universal Cement Corporation	2020.01.01~ 2024.12.31	Portland cement ordering contract	None
Long-term borrowing	Taipei Fubon Bank	2023.10.16~ 2026.11.12	Three-year working capital limit	None
Long-term borrowing	KGI Bank	2022.11.17~ 2025.11.17	Three-year working capital limit	None
Long-term borrowing	Export-Import Bank of the Republic of China	2019.06.25~ 2024.06.25	Five-year line of credit for overseas investment loans	None
Long-term borrowing	Bank of Taiwan	2024.01.05~ 2027.01.05	Three-year working capital credit line	None
Long-term borrowing	HUA NAN Bank	2023.11.03~ 2025.11.03	Two-year working capital credit line	None
Long-term borrowing	MIZUHO Bank	2023.03.16~ 2025.03.16	Two-year working capital credit line	None
Long-term borrowing	SMBC Bank	2023.12.01~ 2025.11.30	Two-year working capital credit line	None
Long-term borrowing	MUFG Bank	2023.09.30~ 2026.09.30	Three-year working capital credit line	None
Long-term borrowing	Yuanta Commercial Bank Co., Ltd.	2023.06.20~ 2025.06.19	Two-year working capital credit line	None
Long-term borrowing	En Tie Commercial Bank Co., Ltd.	2023.07.12~ 2025.07.12	Two-year working capital credit line	None

2. CHC Resources Vietnam Co., Ltd.

<b>Nature of Contract</b>	<b>Contracting Party</b>	<b>Commencement and Expiration Date</b>	<b>Main Content</b>	<b>Restrictive Covenants</b>
Exclusive selling rights contract	Formosa Ha Tinh Steel Corporation	2016.06.01~ 2041.12.31	Contracted for Formosa Ha Tinh Steel Corporation's granulated blast furnace slag exclusive selling rights business	None

<b>Nature of Contract</b>	<b>Contracting Party</b>	<b>Commencement and Expiration Date</b>	<b>Main Content</b>	<b>Restrictive Covenants</b>
Service Contract	Formosa Ha Tinh Steel Corporation	2023.04.01~ 2026.03.31	Contracted for Formosa Ha Tinh Steel Corporation's granulated blast furnace slag transport/storage/management/harbor labor services.	None
Service Contract	CHC Resources Corporation	2022.01.01~ 2026.12.31	Technology and management services	None
Land lease contract	Formosa International Development Corporation	2019.04.17~ 2051.05.23	Ba Ria-Vung Tau Plant land lease contract	None
Long-term borrowing	Taipei Fubon Bank	2020.07.06~ 2027.07.05	Seven-year loan limit	Credit utilization rate/financial ratio restrictions

## Chapter VI. Financial Overview

### I. Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Years

#### (I) Condensed Balance Sheets and Consolidated Statements of Comprehensive Income information (Consolidated Financial Report)

##### Condensed Balance Sheet

Unit: NT\$ thousands

Year		Financial data for the most recent five years (Note 1)				
		End of 2023	End of 2022	End of 2021	End of 2020	End of 2019
Item						
Current assets		2,752,229	2,283,038	2,798,678	2,889,894	2,478,713
Property, plant and equipment		4,842,613	6,383,664	7,655,278	7,649,770	6,366,567
Intangible assets		7,980	7,672	3,192	1,795	0
Other assets		4,668,514	3,592,793	2,671,383	2,688,938	2,948,786
Total assets		12,271,336	12,267,167	13,128,531	13,230,397	11,794,066
Current liabilities	Before distribution	2,801,848	2,676,696	2,762,857	2,903,672	2,599,961
	After distribution (Note 2)	2,801,848	3,298,047	3,384,208	3,400,753	3,097,042
Noncurrent liabilities		3,184,385	3,472,162	4,380,828	4,742,185	3,857,542
Total liabilities	Before distribution	5,986,233	6,148,858	7,143,685	7,645,857	6,457,503
	After distribution (Note 2)	5,986,233	6,770,209	7,765,036	8,142,938	6,954,584
Equity attributable to owners of the Company		6,058,488	5,899,648	5,761,517	5,374,600	5,169,517
Ordinary shares		2,485,404	2,485,404	2,485,404	2,485,404	2,485,404
Capital surplus		162,024	162,024	162,024	162,024	162,024
Retained earnings	Before distribution	3,428,592	3,217,884	3,057,582	2,851,947	2,591,715
	After distribution (Note 2)	3,428,592	2,596,533	2,436,231	2,354,866	2,094,634
Other equity		(17,532)	34,336	56,507	(124,775)	(69,626)
Treasury shares		0	0	0	0	0
Non-controlling interests		226,615	218,661	223,329	209,940	167,046
Total equity	Before distribution	6,285,103	6,118,309	5,984,846	5,584,540	5,336,563
	After distribution (Note 2)	6,285,103	5,496,958	5,363,495	5,087,459	4,839,482

Note 1: The financial data from 2019 to 2023 have been audited by CPAs. The Company's annual report was printed and published on March 31, 2024. Therefore, the most recent financial data audited or reviewed by CPAs is the data for 2023.

Note 2: The Annual Shareholders' Meeting has not been convened to resolve the earnings distribution. Therefore, the amount after distributions is temporarily presented in the amount before distributions.

## Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Year  Item	Financial data for the most recent five years (Note 1)				
	2023	2022	2021	2020	2019
Operating revenue	12,394,902	11,382,629	10,770,774	9,970,633	9,506,160
Gross profit	1,556,170	1,371,140	1,360,828	1,410,951	1,553,014
Profit (loss) from operations	1,074,272	906,682	892,773	967,615	1,092,219
Non-operating income and expenses	(14,727)	28,591	5,223	(20,578)	(38,185)
Profit before income tax	1,059,545	935,273	897,996	947,037	1,054,034
Net profit from continuing operations	858,013	754,983	724,125	773,023	827,973
Loss from discontinued operations	0	0	0	0	0
Net profit for the year	858,013	754,983	724,125	773,023	827,973
Other comprehensive income (net of income tax)	(63,378)	12,651	181,995	(70,085)	(56,243)
Total comprehensive income for the period	794,635	767,634	906,120	702,938	771,730
Net profit attributable to owners of the Company	839,555	755,402	710,208	761,987	816,432
Net profit attributable to non-controlling interests	18,458	(419)	13,917	11,036	11,541
Total comprehensive income attributable to owners of the Company	780,191	759,482	883,998	702,164	766,205
Total comprehensive income attributable to non-controlling interests	14,444	8,152	22,122	774	5,525
Basic earnings per share (NT\$) (Note 2)	3.38	3.04	2.86	3.07	3.28
Diluted earnings per share (NT\$) (Note 3)	3.37	3.03	2.85	3.06	3.27

Note 1: The financial data from 2019 to 2023 have been audited by CPAs. The Company's annual report was printed and published on March 31, 2024. Therefore, the most recent financial data audited or reviewed by CPAs is the data for 2023.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: Calculated according to the number of shares after making retrospective adjustments to the earning and capital transferred from employees' bonuses.

**(II) Condensed Balance Sheets and Statements of Comprehensive Income (Standalone Financial Report)**

**Condensed Balance Sheet**

Unit: NT\$ thousands

Year		Financial data for the most recent five year (Note 1)				
		End of 2023	End of 2022	End of 2021	End of 2020	End of 2019
Current assets		2,064,737	1,738,194	2,041,820	1,937,918	1,824,339
Property, plant and equipment		3,851,267	5,339,254	6,741,252	5,882,455	6,073,891
Intangible assets		7,498	6,967	2,894	1,795	0
Other assets		5,492,298	4,422,055	3,404,859	4,604,070	3,391,554
Total assets		11,415,800	11,506,470	12,190,825	12,426,238	11,289,784
Current liabilities	Before distribution	2,421,704	2,434,718	2,431,354	2,467,533	2,330,835
	After distribution (Note 2)	2,421,704	3,056,069	3,052,705	2,964,614	2,827,916
Noncurrent liabilities		2,935,608	3,172,104	3,997,954	4,584,105	3,789,432
Total liabilities	Before distribution	5,357,312	5,606,822	6,429,308	7,051,638	6,120,267
	After distribution (Note 2)	5,357,312	6,228,173	7,050,659	7,548,719	6,617,348
Ordinary shares		2,485,404	2,485,404	2,485,404	2,485,404	2,485,404
Capital surplus		162,024	162,024	162,024	162,024	162,024
Retained earnings	Before distribution	3,428,592	3,217,884	3,057,582	2,851,947	2,591,715
	After distribution (Note 2)	3,428,592	2,596,533	2,436,231	2,354,866	2,094,634
Other equity		(17,532)	34,336	56,507	(124,775)	(69,626)
Treasury shares		0	0	0	0	0
Total equity	Before distribution	6,058,488	5,899,648	5,761,517	5,374,600	5,169,517
	After distribution (Note 2)	6,058,488	5,278,297	5,140,166	4,877,519	4,672,436

Note 1: The financial data from 2019 to 2023 have been audited by CPAs. The Company's annual report was printed and published on March 31, 2024. Therefore, the most recent financial data audited or reviewed by CPAs is the data for 2023.

Note 2: The Annual Shareholders' Meeting has not been convened to resolve the earnings distribution. Therefore, the amount after distributions is temporarily is presented in the amount before distributions.

**Condensed Statement of Comprehensive Income - Standalone** Unit: NT\$ thousands

Item \ Year	Financial data for the most recent five years (Note 1)				
	2023	2022	2021	2020	2019
Operating revenue	11,084,744	10,269,520	9,886,540	9,158,739	8,722,754
Gross profit	1,380,758	1,287,840	1,218,055	1,287,953	1,408,082
Profit (loss) from operations	948,493	867,329	800,883	875,404	984,319
Non-operating income and expenses	78,428	51,509	65,278	43,832	41,337
Profit before income tax	1,026,921	918,838	866,161	919,236	1,025,656
Net profit from continuing operations	839,555	755,402	710,208	761,987	816,432
Loss from discontinued operations	0	0	0	0	0
Net profit for the year	839,555	755,402	710,208	761,987	816,432
Other comprehensive income (net of income tax)	(59,364)	4,080	173,790	(59,823)	(50,227)
Total comprehensive income for the period	780,191	759,482	883,998	702,164	766,205
Basic earnings per share (NT\$) (Note 2)	3.38	3.04	2.86	3.07	3.28
Diluted earnings per share (NT\$) (Note 3)	3.37	3.03	2.85	3.06	3.27

Note 1: The financial data from 2019 to 2023 have been audited by CPAs. The Company's annual report was printed and published on March 31, 2024. Therefore, the most recent financial data audited or reviewed by CPAs is the data for 2023.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: Calculated according to the number of shares after making retrospective adjustments to the earning and capital transferred from employees' bonuses.

**(III) Names and opinions of CPAs for the most recent five years**

Year	Name of CPAs	Audit Opinion
2019	Jui-Hsuan Hsu 、 Yu-Shiang Liu	Unmodified opinion with emphasis of matter paragraphs
2020	Jui-Hsuan Hsu 、 Chao Chun Wang	Unqualified opinion
2021	Chao Chun Wang 、 Chen-Li Chen	Unqualified opinion
2022	Chao Chun Wang 、 Chen-Li Chen	Unqualified opinion
2023	Yu-Shiang Liu 、 Chao Chun Wang	Unqualified opinion

## II. Financial Analysis for the Most Recent Five Years

### (I) Financial Analysis – Consolidated Financial Report

Item	Year	Financial Analysis for the Most Recent Five Years (Note 1)				
		2023	2022	2021	2020	2019
Capital Structure (%)	Debt-to-asset ratio	48.8	50.1	54.4	57.8	54.8
	Long-term fund to property, plant and equipment ratio	195.5	150.2	135.4	135.0	144.4
Solvency (%)	Current ratio	98.2	85.3	101.3	99.5	95.3
	Quick ratio	78.2	65.4	78.0	75.4	71.3
	Interest coverage ratio (times)	13.3	15.3	16.7	18.2	19.9
Operating Ability	Accounts receivable turnover (times)	10.8	11.4	10.0	9.7	9.1
	Average collection days (days)	34	32	36	38	40
	Inventory turnover (times)	13.3	13.2	13.3	14.5	15.6
	Accounts payable turnover (times)	40.6	38.7	46.6	49.6	29.1
	Average inventory turnover days	27	28	28	25	23
	Property, plant and equipment turnover (times)	2.2	1.6	1.4	1.4	1.5
	Total asset turnover (times)	1.0	0.9	0.8	0.8	0.9
Profitability	Return on assets (%)	7.6	6.4	5.8	6.5	8.2
	Return on equity (%)	13.8	12.5	12.5	14.2	16.0
	Pre-tax income to paid-in capital (%)	42.6	37.6	36.1	38.1	42.4
	Net profit margin (%)	6.9	6.6	6.7	7.8	8.7
	Earnings per share (NT\$)	3.38	3.04	2.86	3.07	3.28
Cash Flow	Cash flow ratio (%)	56.6	73.2	67.7	51.7	62.5
	Cash flow adequacy ratio (%)	153.8	142.7	122.5	103.5	89.3
	Cash reinvestment ratio (%)	5.8	8.3	8.4	6.3	7.8
Leverage	Operating leverage	1.9	2.0	1.9	1.8	1.6
	Financial leverage	1.1	1.1	1.1	1.1	1.0

The reasons for changes in financial ratios for the most recent two years (for those with changes up to 20% or more):

There were no incidences of variation over 20% :

1. The long-term fund to property, plant and equipment ratio increased by 30% and the property, plant and equipment turnover increased by 36% mainly due to the reclassification of property, plant and equipment to investment property in the current year.
2. The quick ratio increased by 20% mainly due to the increase in notes receivable and accounts receivable with the increase in revenue.
3. The cash flow ratio decreased by 23% and the cash reinvestment ratio decreased by 30% mainly due to the decrease in net cash generated from operating activities in the current year.

Note 1: The financial data from 2019 to 2023 have been audited by CPAs. The Company's annual report was printed and published on March 31, 2024. Therefore, the most recent financial data audited or reviewed by CPAs is the data for 2023.

Note 2: What is listed below are the formulas used for performing the financial analysis :

1. Financial structure
  - (1) Debt-to-asset ratio = Total liabilities/Total assets.
  - (2) Long-term fund to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant, and equipment.
2. Solvency
  - (1) Current ratio = Current assets / Current liabilities.
  - (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities.
  - (3) Interest coverage ratio = Earnings before interest and taxes / Interest expenses for current period.

3. Operating Ability
  - (1) Accounts receivable turnover (including accounts receivable and notes receivable from operations) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operations).
  - (2) Average collection days = 365 / Receivables turnover.
  - (3) Inventory turnover = Cost of goods sold / Average inventory.
  - (4) Payables turnover (including accounts payable and notes payable from operations) = Cost of goods sold / Balance of average accounts payable in each period (including accounts payable and notes payable from operations).
  - (5) Average inventory turnover days = 365 / Inventory turnover.
  - (6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment.
  - (7) Total asset turnover = Net sales / Average total assets.
4. Profitability
  - (1) Return on assets = [Net profit + Interest expenses × (1 - Tax rate)] / Average total assets.
  - (2) Return on equity = Net profit / Average total equity.
  - (3) Net profit margin = Net profit / Net sales.
  - (4) Earnings per share = (Net profit(loss) attributable to owners of the company - Preferred stock dividends) / Weighted average number of shares issued. (Note 3).
5. Cash Flow
  - (1) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
  - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital). (Note 4).
6. Leverage
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Profit from operations (Note 5).
  - (2) Financial leverage = Profit from operations / (Profit from operations - Interest expenses).

Note 3: Please be aware of the following matters, in particular, when using the calculation formula of earnings per share above:

1. Use the weighted average number of ordinary shares rather than the number of shares outstanding at the end of year.
2. Shares from cash capital increase or treasury stock transactions shall be considered when calculating the weighted average number of shares.
3. The shares from capitalization of earnings or capital surplus shall be retrospectively adjusted in proportion to capital increase when calculating the earnings per share for prior annual and semi-annual periods. The issue period of the capital increase does not need to be considered.
4. If preference shares are cumulative non-convertible preferred shares, dividends shall be subtracted (regardless of whether they are paid out in dividends), from after tax net profit. Where the preference shares are non-cumulative in nature, shall there be any net profit after tax, the dividends of the preferred shares shall be deducted from the net profit after tax; shall there be any loss, no adjustment is required.

Note 4: Please be aware of the following matters, in particular, for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflows for capital investments.
3. The increase in inventory is included only if the balance at the end of period is greater than the balance at the beginning of period. If it is the other way around, the number used shall be zero.
4. Cash dividends include cash dividends from ordinary and preference shares.
5. Net property, plant and equipment refers to the gross property, plant and equipment less accumulated depreciation.

Note 5: The issuer shall classify operating costs and operating expenses as fixed or variable by their nature. Where any estimation or subjective judgment is involved, please be aware of its reasonableness and consistency.

Note 6: Where the Company's stocks have no par value or where the par value per share is not NT\$10, calculations involving paid-in capital above shall be calculated based on the equity attributable to owners of the parent company on the balance sheet.

## (II) Financial Analysis – Standalone Financial Report

Item		Year	Financial Analysis in the Most Recent Five Years				
			2023	2022	2021	2020	2019
Capital Structure (%)	Debt-to-asset ratio		46.9	48.7	52.7	56.8	54.2
	Long-term fund to property, plant and equipment ratio		233.5	169.9	144.8	169.3	147.5
Solvency (%)	Current ratio		85.3	71.4	84.0	78.5	78.3
	Quick ratio		67.6	55.0	67.3	62.6	62.8
	Interest coverage ratio (times)		18.0	20.4	18.7	18.2	19.5
Operating Ability	Accounts receivable turnover (times)		10.9	11.4	10.0	9.7	9.0
	Average collection days (days)		33	32	37	38	41
	Inventory turnover (times)		12.9	12.9	12.9	13.3	14.3
	Accounts payable turnover (times)		39.0	36.9	47.8	53.4	29.3
	Average inventory turnover days		28	28	28	27	26
	Property, plant and equipment turnover (times)		2.4	1.7	1.6	1.5	1.6
	Total asset turnover (times)		1.0	0.9	0.8	0.8	0.9
Profitability	Return on assets (%)		7.7	6.7	6.1	6.8	8.4
	Return on equity (%)		14.0	13.0	12.8	14.5	16.2
	Pre-tax income to paid-in capital (%)		41.3	37.0	34.9	37.0	41.3
	Net profit margin (%)		7.6	7.4	7.2	8.3	9.4
	Earnings per share (NT\$)		3.38	3.04	2.86	3.07	3.28
Cash Flow	Cash flow ratio (%)		60.1	71.1	75.1	61.6	69.3
	Cash flow adequacy ratio (%)		173.2	161.2	138.8	108.6	90.0
	Cash reinvestment ratio (%)		5.3	7.2	8.5	6.7	8.1
Leverage	Operating leverage		1.9	1.9	2.0	1.8	1.7
	Financial leverage		1.1	1.1	1.1	1.1	1.1

The reasons for changes in financial ratios for the most recent two years (for those with changes up to 20% or more):  
Long-term fund to property, plant and equipment ratio increased by 37%, quick ratio increased by 23% ,  
property, plant and equipment turnover increased by 42% and cash reinvestment ratio decreased by 26% as  
explained for the consolidated financial report above.

Note : The calculation formulas for the financial analysis are detailed from pages 135 to 136.

### **III. Audit Committee's Audit Report on Financial Statements for the Most Recent Year**

#### **Audit Committee's Audit Report**

The Board of Directors has prepared and submitted to the undersigned, Audit Committee of CHC Resources Corporation, 2023 Business Report, Financial Statements, and Earning Distribution proposal. The Financial Statements have been duly audited by CPAs Yu-Shiang Liu and Chao-Chun Wang of Deloitte & Touche Taipei Taiwan Republic of China.

The above Business Report, Financial Statements, and Earning Distribution proposal have been examined and determined to be complying with requirements under laws and regulations related to the Company Act by the undersigned. This Report is duly submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To: 2024 Annual General Shareholders' Meeting

CHC Resources Corporation

Convener of the Audit Committee:



王 俊 賢

February 26, 2024

**IV. Consolidated financial report for the most recent year: Please refer to pages 160 to 237.**

**V. Standalone financial report for the most recent year: Please refer to pages 238 to 325.**

**VI. Where the Company and its associates encountered difficulties in financial turnover, the impact on the Company's financial position: None.**

## Chapter VII. Review and Analysis of Financial Position and Financial Performance and Risk Issues

### I. Financial position

#### (I) Comparison and analysis of financial position in the most recent two years (consolidated financial report)

Unit: NT\$ thousand

Item \ Year	End of 2023	End of 2022	Difference	
			Amount	%
Current assets	2,752,229	2,283,038	469,191	21
Property, plant and equipment	4,842,613	6,383,664	(1,541,051)	(24)
Other assets	4,676,494	3,600,465	1,076,029	30
<b>Total assets</b>	<b>12,271,336</b>	<b>12,267,167</b>	<b>4,169</b>	<b>0</b>
Current liabilities	2,801,848	2,676,696	125,152	5
Noncurrent liabilities	3,184,385	3,472,162	(287,777)	(8)
<b>Total liabilities</b>	<b>5,986,233</b>	<b>6,148,858</b>	<b>(162,625)</b>	<b>(3)</b>
Ordinary shares	2,485,404	2,485,404	0	0
Capital surplus	162,024	162,024	0	0
Retained earnings	3,428,592	3,217,884	210,708	7
Other equity	(17,532)	34,336	(51,868)	(151)
Non-controlling interests	226,615	218,661	7,954	4
<b>Total equity</b>	<b>6,285,103</b>	<b>6,118,309</b>	<b>166,794</b>	<b>3</b>

Analysis of increase or decrease (for those with changes at least 20% and NT\$10,000 thousand):

1. Current assets increased by 21% mainly due to the increase in notes receivable and accounts receivable with the increase in revenue.
2. Property, plant and equipment decreased by 24% and other assets increased by 30% mainly due to the reclassification of property, plant and equipment to investment properties as a result of the leasing of owned property during the period.
3. Other equity decreased by 151% mainly due to the increase in the exchange losses on translation of financial statements of foreign operations.

**(II) Comparison and analysis of financial position in the most recent two years  
(standalone financial report)**

Unit: NT\$ thousand

Item \ Year	End of 2023	End of 2022	Difference	
			Amount	%
Current assets	2,064,737	1,738,194	326,543	19
Property, plant and equipment	3,851,267	5,339,254	(1,487,987)	(28)
Other assets	5,499,796	4,429,022	1,070,774	24
Total assets	11,415,800	11,506,470	(90,670)	(1)
Current liabilities	2,421,704	2,434,718	(13,014)	(1)
Noncurrent liabilities	2,935,608	3,172,104	(236,496)	(7)
Total liabilities	5,357,312	5,606,822	(249,510)	(4)
Ordinary shares	2,485,404	2,485,404	0	0
Capital surplus	162,024	162,024	0	0
Retained earnings	3,428,592	3,217,884	210,708	7
Other equity	(17,532)	34,336	(51,868)	(151)
Total equity	6,058,488	5,899,648	158,840	3

Analysis of increase or decrease (for those with changes at least 20% and NT\$10,000 thousand):  
Property, plant and equipment decreased by 28%, other assets increased by 24% and other equity decreased by 151% as explained for the consolidated financial report above.

## II. Financial Performance

### (I) Comparison and analysis of financial performance in the most recent two years (consolidated financial report)

Unit: NT\$ thousand

Item \ Year	2023	2022	Increase (Decrease) in amount	Percentage Change (%)
Operating revenue	12,394,902	11,382,629	1,012,273	9
Operating costs	10,838,732	10,011,489	827,243	8
Gross profit	1,556,170	1,371,140	185,030	13
Operating expenses	481,898	464,458	17,440	4
Profit from operations	1,074,272	906,682	167,590	18
Non-operating income and expenses	(14,727)	28,591	(43,318)	(152)
Profit before income tax	1,059,545	935,273	124,272	13
Income tax expense	201,532	180,290	21,242	12
Net profit for the year	858,013	754,983	103,030	14
Other comprehensive income (loss) for the year, net of income tax	(63,378)	12,651	(76,029)	(601)
Total comprehensive income for the year	794,635	767,634	27,001	4
Analysis of increase or decrease (for those with changes at least 20% and NT\$10,000 thousand):				
1. Non-operating income and expenses decreased by 152% mainly due to the increase in financial costs and decrease in share of profit of associates.				
2. Other comprehensive income (loss) for the year, net of income tax decreased by 601% mainly due to the increase in the exchange losses on translation of financial statements of foreign operations.				

**(II) Comparison and analysis of financial performance in the most recent two years  
(standalone financial report)**

Unit: NT\$ thousand

Item	Year		Increase (Decrease) in amount	Percentage Change (%)
	2023	2022		
Operating revenue	11,084,744	10,269,520	815,224	8
Operating costs	9,703,986	8,981,680	722,306	8
Gross profit	1,380,758	1,287,840	92,918	7
Operating expenses	432,265	420,511	11,754	3
Profit from operations	948,493	867,329	81,164	9
Non-operating income and expenses	78,428	51,509	26,919	52
Profit before income tax	1,026,921	918,838	108,083	12
Income tax expense	187,366	163,436	23,930	15
Net profit for the year	839,555	755,402	84,153	11
Other comprehensive income (loss) for the year, net of income tax	(59,364)	4,080	(63,444)	(1,555)
Total comprehensive income for the year	780,191	759,482	20,709	3

Analysis of increase or decrease (for those with changes at least 20% and NT\$10,000 thousand):

1. Non-operating net income increased by 52% mainly due to the increase in share of profit of subsidiaries and associates.
2. Other comprehensive income for the year, net of income tax decreased by 1555% mainly due to the decrease in the share of the other comprehensive income of subsidiaries and associates accounted for using the equity method.

**(III) Expected sales volume in the coming year and its basis**

Please refer to page 7 of this annual report.

**III. Cash Flow**

**(I) Analysis of changes in cash flows during the year (consolidated financial report)**

Unit: NT\$ thousand

Item	2023	2022	Amount of change	Ratio of change (%)	Description
Operating activities	1,584,403	1,959,504	(375,101)	(19)	-
Investing activities	(196,447)	(192,043)	(4,404)	(2)	-
Financing activities	(1,302,219)	(1,878,028)	575,809	(31)	1
Change in exchange rates Effect	(9,101)	18,684	(27,785)	(149)	2
Net increase or decrease in cash and cash equivalents	76,636	(91,883)	168,519	183	3

The Company's net cash inflow in 2023 years was NT\$76,636 thousand and the changes in the cash flows of various operating activities are as follows (with changes of at least 20%):

1. The decreased in net cash outflow from financing activities was mainly attributable to the decrease repayments of long-term borrowings.
2. The decreased in change in exchange rates effect was mainly due to the depreciation of the Vietnamese dong.
3. In summary, the net cash inflow increased.

## (II) Analysis of changes in cash flows during the year (standalone financial report)

Unit: NT\$ thousand

Item	2023	2022	Amount of change	Ratio of change (%)	Description
Operating activities	1,455,780	1,731,001	(275,221)	(16)	-
Investing activities	(128,739)	(96,571)	(32,168)	(33)	1
Financing activities	(1,299,210)	(1,738,731)	439,521	25	2
Net increase or decrease in cash and cash equivalents	27,831	(104,301)	132,132	127	3

The Company's net cash inflow in 2023 was NT\$27,831 thousand and the changes in cash flow from various operating activities are as follows: (with a change of at least 20%):

1. The increase in net cash outflow from investing activities was primarily due to the increase in financial assets measured at fair value through other comprehensive income acquired during the year.
2. The decreased in net cash outflow from financing activities was mainly attributable to the decrease in long-term borrowings.
3. In summary, the net cash inflow increased.

## (III) Analysis of liquidity for the most recent two years (consolidated financial report)

Item	Year		Increase (decrease) Change in Ratio (%)	Description
	2023	2022		
Cash flow ratio (%)	56.6	73.2	(23)	1
Cash flow adequacy ratio (%)	153.8	142.7	8	-
Cash reinvestment ratio (%)	5.8	8.3	(30)	1

Analysis of increase or decrease in ratios (for those with changes at least 20%):

1. The cash flow ratio decreased by 23% and the cash reinvestment ratio decreased by 30%, mainly due to the decrease in net cash flow from operating activities.

## (IV) Analysis of liquidity for the most recent two years (standalone financial report)

Item	Year		Increase (decrease) Change in Ratio (%)	Description
	2023	2022		
Cash flow ratio (%)	60.1	71.1	(15)	-
Cash flow adequacy ratio (%)	173.2	161.2	7	-
Cash flow reinvestment ratio (%)	5.3	7.2	(26)	1

Analysis of increase or decrease in ratios (for those with changes at least 20%):

1. Cash flow reinvestment ratio decreased by 26% as explained for the consolidated financial report above.

#### (V) Cash liquidity analysis in the coming year (standalone financial report)

Unit: NT\$ thousand

Opening cash balances (1)	Net cash flow from operating activities throughout the year (2)	Cash outflow throughout the year (3)	Cash balance (deficit) (1)+(2)-(3)	Remedial measures for cash deficit	
				Investment plan	Wealth management plan
110,475	1,496,546	1,495,460	111,561	-	-
1. Analysis of changes in cash flows in 2024					
(1) Net cash flow from operating activities throughout the year: Mainly due to the net effect of the increase in 2024 net profit and depreciation.					
(2) Cash outflows throughout the year: Mainly due to the purchase of property, plant and equipment from investment activities, and the distribution of shareholders' dividends and the repayment of long-term borrowings from financing activities.					
2. Remedial measures and liquidity analysis for estimated cash deficit: Not applicable.					

#### IV. Effect of any major capital expenditures on financial operations during the most recent year

##### (I) The use of major capital expenditures, sources of funds, and the nature of capital expenditures to be invested

Unit: NT\$ Billion

Planned items	Actual or expected sources of funds	Actual or expected date of completion	Total capital required	Actual or expected use of funds		
				2023	2024	2025
Kaohsiung Grinding Plant equipped with additional gas system	Self-owned funds or bank facility	2023.05	0.59	0.34	0.25	-
Taichung Grinding Plant equipped with additional gas system	Self-owned funds or bank facility	2025.06	0.59	-	-	0.95

##### (II) Expected Benefits

1. Kaohsiung Grinding Plant equipped with additional gas system: Switch to natural gas as process drying fuel in accordance with ESG promotion goal.
2. Taichung Grinding Plant equipped with additional gas system : Based on the experience of designing a system at the Kaohsiung grinding plant, a gas system was added to the Taichung grinding plant.

#### V. Reinvestment policy in the most recent year, main reasons for profit or loss, improvement plan, and investment plan for the coming year

The investment policies of the Company primarily respond to the requirements of the Company's core businesses, so as to expand the scope of core businesses through investments. For investment management, the Company will improve the operating efficiency of the invested companies through resource integration. Also, the Company will enhance the investment supervision mechanism to control operating risks.

The Company recognized an investment gain of NT\$92,670 thousand under the equity method in 2023, which was primarily due to the recognition of profit contribution from Union Steel Development Corporation and CHC Resources Vietnam Co., Ltd.

## VI. Risk item assessment

### (I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures

#### 1. Impact on the Company's consolidated profit and loss

Item	2023(NT\$ Thousand; %)
Net interest income (expense) (excluded capitalized interests)	(55,555)
Net exchange (loss) gain	1,370
Net interest income or expense as a percentage of net operating income	(0.45%)
Net interest income or expense as a percentage of net profit before tax	(5.24%)
Net gain or loss on foreign currency exchange as a percentage of net operating income	0.01%
Net gain or loss on foreign currency exchange as a percentage of net profit before tax	0.13%

- (1) Interest risk: At the end of 2023, the debt ratio was 48.78%. The Company's interest-bearing liabilities amounted to NT\$2,228,075 thousand and interest-earning deposits amounted to NT\$383,528 thousand. Where the interest rate increases by 1% in the future, the Company's interest expense and income would increase by approximately NT\$22,281 thousand and approximately NT\$3,835 thousand, respectively.
- (2) Currency risk: Due to the industrial characteristics of the Company, the sales are mostly concentrated in Taiwan. Therefore, there is no currency risk as the sales are all denominated in NTD. In response to the demand for foreign exchange hedging arising from the purchase of imported raw materials, the Company primarily adopts measures of pre-purchasing forward exchange and acquisition of foreign currency time deposits. In 2023, the Company and its subsidiaries recognized exchange gain amounted to approximately NT\$1,370 thousand due to the fluctuation in exchange rates, accounting for 0.01% of the operating costs for 2023. As of the end of 2023, the financial assets of monetary items were USD 501 thousand, CNY 3,944 thousand, and JPY 19,700 thousand. Where NTD appreciates by 1% in the future, the Company will suffer losses of approximately NT\$367 thousand.
- (3) Inflation: Inflation has been slightly higher in 2023, which has not yet had a significant impact on the Company's costs and selling prices. In the future, the Company will continue to keep abreast of the changes in inflation for cost control and product sales, so as to make appropriate adjustments. In 2023, the

consolidated operating expense of the Company was NT\$481,898 thousand.

Where the inflation rate increases by 1% in the future, the Company's expenses will increase by approximately NT\$4,819 thousand.

2. Future countermeasures

- (1) Countermeasures against changes in interest rates: As of the end of 2023, the Company's debt ratio in the consolidated statements was 48.78%. The undrawn financial borrowing facility was approximately NT\$6,698,054 thousand as of the end of 2023. In the future, where the borrowing drawdown is required for the Company's operating development, the Company will primarily make use of instruments with lower interest rates, such as commercial paper and short-term bank borrowings. Where there is any remaining short-term capital, the Company will primarily focus on short-term investment targets with higher security and stable yield.
- (2) Countermeasures against changes in exchange rates: In response to the demand for foreign exchange hedging arising from the pre-purchasing of imported raw materials, the Company primarily adopts measures of purchasing forward exchange and acquisition of foreign currency time deposits. Where the payment method is to issue a letter of credit, the Company pre-purchases the amount of foreign currency payable in the future at the moment of issuing the letter. In the case of remittance, the Company makes direct remittance through discounting the foreign currency at the current rates; therefore, the Company is unlikely to be affected by the changes in currency rates.
- (3) Response measures for inflation changes: Regarding the effects of inflation, the Company will achieve goals of improving revenue or reducing costs through solutions such as market transfer and improvements for manufacturing procedures.

**(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future**

1. The Company focused on the development of its primary business and had not engaged in high-risk, highly leveraged investments during 2023.
2. Risk of loans to others: As of the end of 2023, the Company had no loan to others.
3. Risk of endorsement/guarantee: As of the end of 2023, the Company did not provide endorsement/guarantee.
4. Derivative financial product risk: As of the end of 2023, the company had not engaged in trading derivative financial products.

**(III) Future R&D plans and estimated R&D expenses**

<b>Project in Recent Year</b>	<b>Current Progress</b>	<b>Further R&amp;D Expenditure (NT\$ thousand)</b>	<b>Completion time</b>	<b>The main influencing factors for successful R&amp;D in the future</b>
Improving application technology for steel slags	Continue referring to a variety of areas domestically and abroad for R&D as follow: 1. Asphalt concrete (AC) 2. Steam aging 3. Marine engineering 4. Steel slag fine powder 5. Research on Basic Oxygen Furnace Slag Carbon Adsorption 6. Refinement of Furnace Steel Slags Recovery Technology	17,500	2024.12	1. Eliminating concerns raised by all sectors of society regarding the use of basic oxygen furnace slag. Encouraging various city and county governments to include basic oxygen furnace slag in their construction specifications. 2. Achieving relevant performance. 3. In response to the global trend toward net-zero emissions, research and evaluation are conducted on the carbon reduction benefits of steelmaking by-products to enhance their added value.
The utilization of BOF slags in cement raw meal	In January 2019, the Company launched a scheme to promote the application of BOF slag in the raw meal of cement, and completed the formulation of the User's Manual for the Utilization of BOF Slag in Raw Meal in July 2019. The book passed the third-party review organized by the Industrial Development Bureau, and was officially released in January 2023. A total of 89,853 tons of basic oxygen furnace slag were used in cement plants as cement raw materials in 2022, effectively replacing cement raw materials to save energy and reduce carbon emissions. At the same time, the Company continuously improved the quality by optimizing the process in response to the expansion of production capacity.	300	2024.12	1. Controlling quality stability. 2. Periodic Inspection by third party. 3. Communicating with customers to provide product technical services.

**(IV) The impact of important domestic and foreign policy and legal changes on the Company's financial business and countermeasures**

As of the date of publication of the annual report, no such a situation had occurred.

**(V) Effect on the company's financial operations of developments in science and technology (including information security risks) as well as industrial change, and measures to be taken in response**

The major business and operating income of the Company are related to cement manufacturing, construction, resource reutilization businesses, which are traditional manufacturing industries with relatively fewer industrial changes.

The Company established the “Information Security Committee” in 2022 to promote matters related to information security, assess relevant risks, formulate management plans, and conduct periodic reviews. In addition, the Company also commissioned outstanding domestic information security vendors to carry out overall health examinations, establish comprehensive defense structures, including next-generation firewalls, endpoint protection, and anti-virus systems, and thoroughly perform vulnerability scanning and system vulnerability patch mechanisms. The Company organized regular phishing email drills and promoted information security to raise employees' cybersecurity awareness and reduce the threat posed by social engineering and ransomware attacks. In terms of strengthening information security measures, in addition to regularly participating in the Group's joint information security defense meetings, we have also joined TWCERT/CC to achieve information security information sharing and experience sharing. In 2023, we implemented the ISO 27001 Information Security Management System standard certification and obtained the qualification certificate, which is valid from July 3, 2023 to October 31, 2025. By implementing the ISO 27001 Information Security Management System, we can improve our ability to respond to security incidents and protect the assets of the Company and our customers. This system enables us to control and reduce the threat and impact of information security incidents.

**(VI) The impact of corporate image change on corporate crisis management and countermeasures**

The Company has been publishing its CSR reports since 2009 and renamed the Corporate Social Responsibility Committee as the Corporate Sustainability Committee in 2021 to promote sustainable development. The Company continuous to publish its Sustainability reports as the reports are a means to establish smooth communication channels with stakeholders. Meanwhile, the Company adheres to its ethical operating policies in order to build a positive corporate image, so as to minimize the operating risks caused by changes in the corporate image.

To safeguard Shareholders' interests and treat Shareholders equally, strengthen the structure and operations of the Board, improve information transparency, and realize corporate social responsibility, the Company strives for improvement in corporate governance. The Company was on the list of top 6-20% listed companies in the results of the 9th corporate governance assessment.

**(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures**

As of the date of publication of the annual report, no such a situation had occurred.

**(VIII) The expected benefits and possible risks of plant expansion and countermeasures**

The expansion of the Company's plants is duly assessed, and any significant capital expenditure shall be reported to and approved by the Board of Directors; therefore, investment efficiency and risks shall be fully considered.

**(IX) Risks associated with any concentration of sales or purchases, and countermeasures**

1. Risk of concentration of purchases: The largest supplier of the Company accounted for approximately 19% and 21% of the total purchase amount in the consolidated financial report and the standalone financial report, respectively. The rest of the sources of procurement are geographically scattered. Also, there is no risk of concentration of purchases through diversification of products for sales.
2. Risk of concentration of sales: The largest sales customer of the Company merely accounted for 25% and 28% of the net operating income in the consolidated financial report and the standalone financial report, respectively. The remaining customers scatter across Taiwan; therefore, there is no concentration of sales.

**(X) For directors, supervisors, or major shareholders holding more than 10% of the shares, the impact and risks of a large number of transfers or replacements of equity on the Company and countermeasures**

As of the date of publication of the annual report, no such a situation had occurred.

**(XI) The impact and risks of the change in management rights on the Company, and countermeasures**

As of the date of publication of the annual report, no such a situation had occurred.

**(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or non-litigation case as of the date of publication of the annual report where the Company and any of its directors, supervisors, president, substantive person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a closed or pending material litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities : None.**

**(XIII) Other important risks: None.**

**VII. Other important matters: None.**

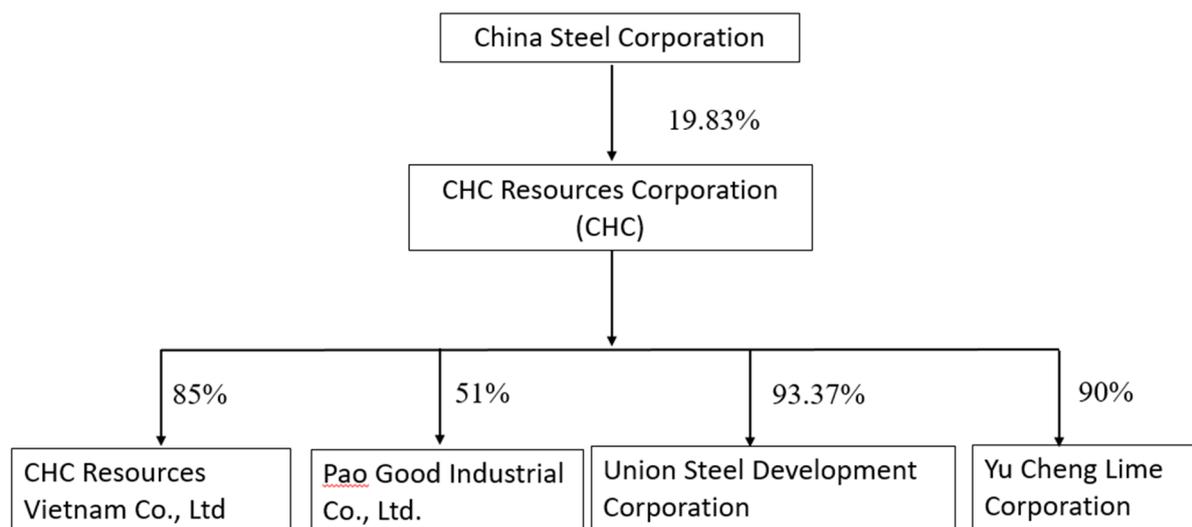
## Chapter VIII. Special Disclosures

### I. Information on Affiliated Companies

#### (I) Consolidated Operating Report for Affiliates

##### 1. Structure of Affiliates

Prepared on March 31, 2024



##### 2. Basic Information on Affiliated Companies

Unit: \$ thousands (except for those otherwise provided)

Name of Subsidiary	Date of Incorporation	Address	Paid-in Capital	Main Business
The Company	1991.05.25	22F, No. 88, Chenggong 2nd Road, Qianzhen District, Kaohsiung City, Taiwan	2,485,404	Production and sales of ground-granulated blast-furnace slag and granulated blast-furnace slag cement, air-cooled blast furnace slag, and basic oxygen furnace slag; resource recycling
Union Steel Development Corporation	1995.06.20	11F-2, No. 243, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City	50,000	Iron powder production and sales; refractory OEM and sales; trade; dispatch labor
Pao Good Industrial Co., Ltd.	1996.08.29	11F-1, No. 241, Yixin 1st Rd., Qianzhen Dist., Kaohsiung City	106,050	Fly ash trading; dry-mix mortar production and sales; trade
Yu Cheng Lime Corporation	1969.04.16	No. 1, Youcheng Lane, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City	12,000	Real estate leasing; raw materials tally
CHC Resources Vietnam Co., Ltd.	2016.03.17	Vung Ang Economic Zone, Ky Long Ward, Ky Anh Town, Ha Tinh Province	USD 25,000,000	Production and sales of ground-granulated blast-furnace slag and sales of granulated blast-furnace slag

**3. Information on the same shareholders who are presumed to have control-subordinate relationships: None**

**4. Industries of overall affiliates and the division of labor**

Industry	Name of Affiliated	Division of labor with other affiliates
Other metal products manufacturing industry	Union Steel Development Corporation	Purchase of recycled iron powder from the Company Operating production lines upon engaging by the Company OEM of spent refractory as entrusted by the Company Dispatch of labor to the Company
Non-ferrous industrial materials	Pao Good Industrial Co., Ltd.	Sales of fly ash to the Company
	Yu Cheng Lime Corporation	Leasing venues to the Company as raw materials storage areas and tally collaborative work
	CHC Resources Vietnam Co., Ltd.	Sales of granulated blast-furnace slag to the Company

5. The names of the directors, supervisors, and presidents of each affiliate and their shareholdings or contributions of funds to the companies

Date: March 31, 2024; Unit: shares; %

Name of Associate	Title	Name or Representative	As of Shareholding	
			Number of Shares	Percentage of Ownership
CHC Resources Corporation	Chairman	China Steel Corporation (Representative: Hung-Ta Lin)	49,289,597	19.83%
	Director and President	CHC Resources Corporation (Representative: Hsiang-Ya Huang)	49,289,597	19.83%
	Director	China Steel Corporation (Representative: Shui-Sheng Hung)	49,289,597	19.83%
	Director	China Steel Corporation (Representative: Chih-Hong Lin)	49,289,597	19.83%
	Director	Taiwan Cement Corporation (Representative: Chien-Chiang Huang)	30,196,163	12.15%
	Director	Taiwan Cement Corporation (Representative: Yun-Te Wu)	30,196,163	12.15%
	Director	China Steel Structure Co., Ltd. (Representative: Jui-Teng Chen)	23,182,738	9.33%
	Director	Asia Cement Corporation (Representative: Chih-Hsien Chen)	22,801,185	9.17%
	Director	Asia Cement Corporation (Representative: Chen-He Chung)	22,801,185	9.17%
	Director	Universal Cement Corporation (Representative: Zhi-Yuan Hou)	17,020,254	6.85%
	Director	China Steel Chemical Corporation (Representative: Yi-Hung Chen)	15,019,341	6.04%
	Director	Southeast Cement Corporation (Representative: Rong-Tzong Tang)	13,083,801	5.26%
	Independent Director	Chun-Hsien Wang	0	0.00%
	Independent Director	Chung-Chia Yang	0	0.00%
Independent Director	Fu-Tien Jeng	0	0.00%	
Union Steel Development Corporation	Chairman	CHC Resources Corporation (Representative: Hsiang-Ya Huang)	4,668,333	93.37%
	President	Chia-Hao Chang	0	0.00%
	Supervisor	Chih-Yuan Chou	0	0.00%

Name of Associate	Title	Name or Representative	As of Shareholding	
			Number of Shares	Percentage of Ownership
Pao Good Industrial Co., Ltd.	Chairman	CHC Resources Corporation (Representative: Ming-Chang Chiu)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Hsiang-Ya Huang)	5,408,550	51.00%
	Director	CHC Resources Corporation (Representative: Hung-Shu Chung)	5,408,550	51.00%
	Director	Nan Hwa Cement Corporation (Representative: Chen-He Chung)	3,287,550	31.00%
	Director	Nan Hwa Cement Corporation (Representative: Wen-Hua Yeh)	3,287,550	31.00%
	Supervisor	Yuen Shwei Enterprise Co., Ltd. (Representative: Hsin-Lu Liu)	1,060,500	10.00%
	President	Tsung-Jung Lin	0	0.00%
Yu Cheng Lime Corporation	Chairman and President	CHC Resources Corporation (Representative: Hung-Shu Chung)	108,000	90.00%
	Supervisor	Chih-Yuan Chou	0	0.00%
CHC Resources Vietnam Co., Ltd	Chairman	CHC Resources Corporation (Representative: Hung-Shu Chung)	USD\$21,250,000	85.00%
	Director	CHC Resources Corporation (Representative: Hung-Ta Lin)	USD\$21,250,000	85.00%
	Director	CHC Resources Corporation (Representative: Hsiang-Ya Huang)	USD\$21,250,000	85.00%
	Director	Formosa Ha Tinh Steel Corporation (Representative: Chun-Liang Chen)	USD\$ 3,750,000	15.00%
	Director	Formosa Ha Tinh Steel Corporation (Representative: Chung-Yao Hung)	USD\$ 3,750,000	15.00%
	President	Hong-An Yin	USD\$ 0	0.00%

## 6. Status of operations of affiliates (2023)

Unit: NT\$ thousands

Name of Associate	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Profit from operations	Net profit for the year	Earnings per Share (NT\$(After Tax))
The Company (Parent Company Financial Report)	2,485,404	11,415,800	5,357,312	6,058,488	11,084,744	948,493	839,555	3.38
Union Steel Development Corporation	50,000	224,064	105,827	118,237	486,404	52,125	42,570	8.51
Pao Good Industrial Co., Ltd.	106,050	258,777	76,620	182,157	228,685	25,197	22,322	2.10
Yu Cheng Lime Corporation (Note)	12,000	182,805	47,172	135,633	11,928	757	646	5.38
CHC Resources Vietnam Co., Ltd. (Note)	761,573	1,255,866	482,825	773,041	1,201,293	46,921	31,203	NA

Note: The par value of Yu Cheng Lime Corporation's shares is NT\$100 per share. CHC Resources Vietnam Co., Ltd did not issue shares; thus, the earnings per share are not applicable to the company.

**(II) Consolidated Financial Report of Affiliated Enterprises: Please refer to pages 160 to 237.**

### (III) Affiliation report

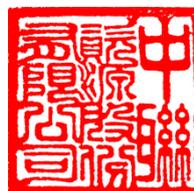
#### 1. Statement of CHC Resources Corporation

#### Statement of Affiliation Report

The Company's Affiliation Report for 2023 (for the year ended December 31, 2023) is prepared based on the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and the information disclosed is not significantly different from the relevant information disclosed in the notes to the financial report for the year then ended.

It is hereby certified that the information disclosed herein is true and correct.

CHC Resources Corporation



Chairman Hung-Ta Lin



March 18, 2024

2. Audit opinion from CPAs

**Audit Opinion from CPAs**

Letter Chin-Gao No.11300478 dated March 31, 2024

Addressee: CHC Resources Corporation

Subject: We express our opinions on the Company's 2023 affiliation report that it does not contain any material inconsistency.

Explanation:

- I. The Company's 2023 Affiliation Report dated March 18, 2024 was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and there was no material inconsistency between the information disclosed in the affiliation report and relevant information disclosed in the notes to the financial reports in the period above. The statement is as in the attachment.
- II. We verified that the Company prepared the Affiliation Report in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and there is no material discrepancy with the statement above.

Deloitte & Touche Taipei, Taiwan Republic of China

Yu-Hsiang Liu , CPA



Chao Chun Wang , CPA



3. Overview of the relationship between the subordinate and the controlling companies

Unit: shares, %

Name of the controlling company	Reason of the control	Shareholding and pledge of the controlling company			Any director or supervisor appointed to the subordinate company by the controlling company	
		Number of shares held	Percentage of Ownership	Number of shares under pledge	Title	Name
China Steel Corporation	Substantial control	49,289,597	19.83	0	Chairman	Hung-Ta Lin
					Director and President	Hsiang-Ya Huang
					Director	Shui-Sheng Hung
					Director	Chih-Hong Lin

4. The following matters shall be recorded for transactions and dealings between subordinate companies and controlling companies

(1) Purchases and sales

Unit: NT\$ thousands; %

Transactions with controlling companies				Transaction conditions with controlling companies		General transaction conditions		Reason for deviation	Accounts or notes receivable (payable)		Overdue accounts receivable			Remarks
Purchase (sales)	Amount	Percentage to total purchases (sales)	Gross profit of sales	Unit price (NT\$)	Credit period	Unit price (NT\$)	Credit period		Balances	Proportion to total accounts and notes receivable (payable)	Amount	Action taken	Allowance for bad debts	
Purchases	728,324	21	-	-	Letter of credits	Note	Note	-	(12,225)	(5)	-	None	-	None
Sales	(3,072,783)	(28)	85,544	-	Open account next month and according to the contract	Note	Note	-	171,245	14	-	None	-	None

Note: Please refer to Note 27 of the standalone financial statements.

(2) Asset transaction: None.

(3) Financing: None.

## (4) Asset lease

Unit: NT\$ thousands

Type of transaction (lease-out or lease-in)	Target to be leased		Lease term	Type of lease	Basis for determining rents	Collection (payment) method	Comparison with general rental standards	Total rents for the period	Collection/Payment for the period	Other agreements
	Name	Location								
Lease-out	Land lease	Land No. 0519-2, Subsection 1, Dianzihou Section, Xiaogang District, Kaohsiung City	2018.07 – 2023.06	Operating lease	Subject to the market conditions	Payment collected once a quarter	No similar transaction available for comparison	11,014	Received	None
Lease-out	Land and building leasing	Land No. 0519-2, Subsection 1, Dianzihou Section, Xiaogang District, Kaohsiung City	2023.07 – 2028.06	Operating lease	The annual rent is 3% of the current value of the land as stated in the public notice. The annual rent for the building is 6% of the total reassessed value of the building.	Payment collected once a semi-annual	No similar transaction available for comparison	7,363	Received	None
Lease-out	Land lease	Kaohsiung City, Daliao District, Chihkan Section Chaozhou Liao San Section Plot No. 6747, 6747-1, 6747-2, 6748, 6748-1, 6749, 6749-1, 6750, 6750-1, 6750-2.	2022.09 – 2027.08	Operating lease	The annual rent is 3% of the current value of the land as stated in the public notice.	Payment collected once a semi-annual	No similar transaction available for comparison	15,716	Received	None
Lease-in	Land lease	Land No. 1308, 1308-2, 1308-3, and 1234, Erqiao Section, Xiaogang District, Kaohsiung City	2022.01 – 2026.12	Operating lease	The annual rent is 3% of the current value of the land as stated in the public notice.	Pay on a semi-annual basis	No similar transaction available for comparison	14,187	Settled	None
Lease-in	Office lease	22F, No. 88, Chenggong 2nd Road, Qianzhen District, Kaohsiung City, Taiwan	2023.01 – 2025.12	Operating lease	Subject to the market conditions	Pay on a quarterly basis	No similar transaction available for comparison	5,577	Settled	None

(5) Other significant business transactions: None.

5. Endorsement and guarantee activities : None

6. Other matters that have a significant impact on the financial and business activities: None.

**II. Private placement of securities in the most recent year and as of the date of publication of the annual report: None.****III. Acquisition or disposal of the Company's shares by subsidiaries in the most recent year and as of the date of publication of the annual report: None.****IV. Other matters required to be specified: None.**

**Chapter IX. Any Event Which Significantly Affects  
Shareholders' Equity or Share Price**

**None.**

**CHC Resources Corporation and  
Subsidiaries**

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

## REPRESENTATION LETTER

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

Very truly yours,

CHC Resources Corporation

By

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Hung-Ta, Lin  
Chairman

February 26, 2024

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
CHC Resources Corporation

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

## Revenue Recognition

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

Our audit procedures performed included the following:

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

## **Other Matter**

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

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2024

Notice to Readers

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

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

# CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

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

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

# CHC RESOURCES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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

(Continued)

## CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# CHC RESOURCES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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

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

(Concluded)

# CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

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

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

# CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

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

(Continued)

# CHC RESOURCES CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

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

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

(Concluded)

# CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

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

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

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

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

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

e. Foreign currencies

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

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

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

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

f. Inventories

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

g. Investments in associates

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

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

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

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

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

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

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

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

#### h. Property, plant and equipment

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

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

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

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

#### i. Investment properties

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Assets related to contract costs

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

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

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

- iii Investments in equity instruments at FVTOCI

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

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

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

- b) Impairment of financial assets and contract assets

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

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

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

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

any collateral held by the Corporation and its subsidiaries):

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

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

c) Derecognition of financial assets and contract assets

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

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

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

2) Equity instruments

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Hedge accounting

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

Cash flow hedges

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

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

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

o. Provisions

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

p. Revenue recognition

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

1) Merchandise sales revenue

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

2) Service revenue

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

3) Construction revenue

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

q. Leases

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

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

1) The Corporation and its subsidiaries as lessor

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

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

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

2) The Corporation and its subsidiaries as lessee

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

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

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

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

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

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

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

r. Borrowing costs

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Termination benefits

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

t. Taxation

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

1) Current tax

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

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

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

## 2) Deferred tax

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

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

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

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

## 3) Current and deferred taxes

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

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

### Key sources of estimation uncertainty - write-down of inventories

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

## 6. CASH AND CASH EQUIVALENTS

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

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

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

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

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

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

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

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

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

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

December 31, 2023

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

December 31, 2022

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

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

## 9. INVENTORIES

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

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

## 10. PREPAYMENT

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

## 11. OTHER FINANCIAL ASSETS

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

(Continued)

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

## 12. SUBSIDIARIES

### Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

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

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

## 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in associates

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

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

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

#### 14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

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

### b. Lease liabilities

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

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

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

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

c. Material leasing activities and terms

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

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

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

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

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

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

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

2) Blast-Furnace Slag Cement business in Taipei Port

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

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

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

3) Other resource reutilization business

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

4) Land use right

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

d. Other lease information

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

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

## 16. INVESTMENT PROPERTIES

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

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

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

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

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

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

## 17. INTANGIBLE ASSETS

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

## 18. BORROWINGS

### a. Short-term borrowings

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

### b. Long-term borrowings

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

## 19. OTHER PAYABLES (INCLUDING RELATED PARTIES)

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

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

## 20. PROVISIONS - NONCURRENT

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

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

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

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

### b. Defined benefit plans

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

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

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

Movements in net defined benefit liabilities were as follows:

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

(Continued)

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

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

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

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

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

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

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

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

## 22. EQUITY

### a. Ordinary shares

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

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

### b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

d. Other equity items

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

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

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

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

3) Gains (losses) on Hedging Instruments

Cash flow hedges

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

e. Non-controlling interests

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

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

## 23. REVENUE

### a. Contract balances

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

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

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

b. Assets related to contract costs

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

c. Disaggregation of revenue

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

**24. PROFIT BEFORE INCOME TAX**

a. Other income

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

b. Other gains and losses

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

c. Finance costs

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

Information on capitalized interest was as follows:

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

d. Depreciation and amortization

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

e. Employee benefits expense

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

(Continued)

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

f. Compensation of employees and remuneration of directors

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

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

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

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

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

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

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

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

## 25. INCOME TAX

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

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

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

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

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

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

### c. Current income tax assets and liabilities

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

### d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

e. Income tax assessments

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

## 26. EARNINGS PER SHARE

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

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

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

## 27. CAPITAL MANAGEMENT

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

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

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

## 28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

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

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

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

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

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

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

c. Categories of financial instruments

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

b) Interest rate risk

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

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

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

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

c) Other price risk

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

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

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

2) Credit risk

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

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

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

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

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

### 3) Liquidity risk

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Financing facilities

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

4) Cash flow hedges

December 31, 2023

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

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

For the Year Ended December 31, 2023

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

December 31, 2022

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

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

For the Year Ended December 31, 2022

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

**29. TRANSACTIONS WITH RELATED PARTIES**

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

a. Related party name and category

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

(Continued)

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

(Concluded)

b. Operating revenue

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

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

c. Purchase of goods

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

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

d. Contract assets - current

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

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

e. Contract liabilities - current

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

f. Other material transactions with related parties

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

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

g. Accounts receivable - related parties

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

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

h. Other receivables - related parties

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

i. Accounts payable - related parties

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

The outstanding accounts payable to related parties are unsecured.

j. Other payable - related parties

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

k. Prepayment

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

l. Lease arrangements

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

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

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

m. Remuneration of key management personnel

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

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

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

### 32. Others

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

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

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

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

### 34. SEPARATELY DISCLOSED ITEMS

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

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

### 35. SEGMENT INFORMATION

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

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

#### a. Segment revenue and results

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

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

(Continued)

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

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

b. Revenue from major products and services

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

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

c. Geographical information

The Corporation and its subsidiaries operate in Taiwan.

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

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

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

d. Information on major customers

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

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

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

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

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

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

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

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

## CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

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

Note 1: Refer to Note 29.

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

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

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

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

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

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

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

## CHC RESOURCES CORPORATION AND SUBSIDIARIES

### INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

Note1: Amount was eliminated in the consolidated financial statements.

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

## CHC RESOURCES CORPORATION AND SUBSIDIARIES

### INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

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

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

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

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

**CHC RESOURCES CORPORATION**

**INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

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

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

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

TABLE 9

## CHC RESOURCES CORPORATION AND SUBSIDIARIES

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

(Continued)

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

## **CHC Resources Corporation**

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

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
CHC Resources Corporation

### **Opinion**

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

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2023 and 2022, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

Key audit matter of the Corporation's standalone financial statements for the year ended December 31, 2023 is stated as follows:

#### **Revenue Recognition**

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

Our audit procedures performed included the following:

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

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or

conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2024

Notice to Readers

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

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

# CHC RESOURCES CORPORATION

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

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Note 6)	\$ 110,475	1	\$ 82,644	1
Financial assets at fair value through other comprehensive income - current (Notes 7 and 26)	280,849	2	274,214	2
Financial assets for hedging - current (Notes 20 and 26)	4,279	-	37,602	-
Contract assets - current (Notes 21 and 27)	1,485	-	19,007	-
Notes receivable (Note 8)	259,999	2	236,710	2
Accounts receivable (Note 8)	130,343	1	113,937	1
Accounts receivable - related parties (Notes 8 and 27)	791,525	8	502,677	5
Other receivables	250	-	1,226	-
Other receivables - related parties (Note 27)	24,672	-	42,236	-
Inventories (Notes 5 and 9)	392,600	4	311,231	3
Prepayments (Note 27)	35,435	-	87,608	1
Refundable deposits - current (Note 13)	19,220	-	17,149	-
Costs to fulfil a contract (Note 21)	10,759	-	7,590	-
Other current assets	2,846	-	4,363	-
Total current assets	<u>2,064,737</u>	<u>18</u>	<u>1,738,194</u>	<u>15</u>
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 7 and 26)	16,501	-	15,388	-
Investments accounted for using the equity method (Note 11)	1,298,922	11	1,303,914	11
Property, plant and equipment (Notes 12 and 28)	3,851,267	35	5,339,254	47
Right-of-use assets (Notes 13 and 27)	1,491,516	13	1,636,539	14
Investment properties (Note 14)	2,338,719	20	1,118,009	10
Intangible assets (Note 15)	7,498	-	6,967	-
Deferred tax assets (Note 23)	104,926	1	84,857	1
Prepayments for equipment	-	-	11,000	-
Refundable deposits - noncurrent (Note 13)	237,581	2	248,454	2
Other financial assets - noncurrent (Notes 10 and 28)	3,850	-	3,200	-
Other noncurrent assets	283	-	694	-
Total noncurrent assets	<u>9,351,063</u>	<u>82</u>	<u>9,768,276</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 11,415,800</u>	<u>100</u>	<u>\$ 11,506,470</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ 448,466	4	\$ 359,278	4
Contract liabilities - current (Notes 21 and 27)	29,802	-	34,496	-
Notes payable	11,643	-	20,820	-
Accounts payable	127,891	1	129,326	1
Accounts payable - related parties (Note 27)	101,801	1	105,715	1
Payables on equipment	46,953	-	28,912	-
Other payables (Notes 17 and 30)	866,677	8	882,501	9
Other payables - related parties (Notes 17 and 27)	119,699	1	126,910	1
Current tax liabilities (Note 23)	202,201	2	169,791	1
Lease liabilities - current (Notes 13 and 27)	343,513	3	350,656	3
Guarantee deposits received - current	38,370	-	55,969	-
Current portion of long-term borrowings (Note 16)	78,833	1	157,667	1
Other current liabilities	5,855	-	12,677	-
Total current liabilities	<u>2,421,704</u>	<u>21</u>	<u>2,434,718</u>	<u>21</u>
<b>NONCURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	1,300,000	11	1,548,833	13
Provisions - noncurrent (Notes 18 and 30)	306,146	3	164,534	1
Deferred tax liabilities (Note 23)	82,837	1	77,641	1
Lease liabilities - noncurrent (Notes 13 and 27)	1,194,652	11	1,325,386	13
Net defined benefit liabilities (Note 19)	49,409	-	55,346	-
Guarantee deposits received - noncurrent	2,564	-	364	-
Total noncurrent liabilities	<u>2,935,608</u>	<u>26</u>	<u>3,172,104</u>	<u>28</u>
Total liabilities	<u>5,357,312</u>	<u>47</u>	<u>5,606,822</u>	<u>49</u>
<b>EQUITY (Note 20)</b>				
Ordinary shares	<u>2,485,404</u>	<u>22</u>	<u>2,485,404</u>	<u>22</u>
Capital surplus	<u>162,024</u>	<u>1</u>	<u>162,024</u>	<u>1</u>
Retained earnings				
Legal reserve	1,574,514	14	1,496,349	13
Unappropriated earnings	1,854,078	16	1,721,535	15
Total retained earnings	<u>3,428,592</u>	<u>30</u>	<u>3,217,884</u>	<u>28</u>
Other equity	(17,532)	-	34,336	-
Total equity	<u>6,058,488</u>	<u>53</u>	<u>5,899,648</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 11,415,800</u>	<u>100</u>	<u>\$ 11,506,470</u>	<u>100</u>

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

# CHC RESOURCES CORPORATION

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 27)				
Sales	\$ 5,797,841	52	\$ 5,443,304	53
Construction revenue	13,681	-	43,148	-
Service revenue	<u>5,273,222</u>	<u>48</u>	<u>4,783,068</u>	<u>47</u>
Total operating revenue	<u>11,084,744</u>	<u>100</u>	<u>10,269,520</u>	<u>100</u>
OPERATING COSTS (Notes 9, 22 and 27)				
Cost of goods sold	4,524,000	41	4,337,316	42
Construction costs	12,307	-	40,972	-
Service costs	<u>5,167,679</u>	<u>47</u>	<u>4,603,392</u>	<u>45</u>
Total operating costs	<u>9,703,986</u>	<u>88</u>	<u>8,981,680</u>	<u>87</u>
GROSS PROFIT	<u>1,380,758</u>	<u>12</u>	<u>1,287,840</u>	<u>13</u>
OPERATING EXPENSES (Notes 22 and 27)				
Selling and marketing expenses	196,379	2	204,058	2
General and administrative expenses	209,941	2	191,316	2
Research and development expenses	<u>25,945</u>	<u>-</u>	<u>25,137</u>	<u>-</u>
Total operating expenses	<u>432,265</u>	<u>4</u>	<u>420,511</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>948,493</u>	<u>8</u>	<u>867,329</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 27)				
Interest income	1,394	-	856	-
Other income	49,025	1	60,254	1
Other gains and losses	(5,285)	-	(761)	-
Finance costs	(59,376)	(1)	(47,221)	-
Share of profit or loss of subsidiaries and associates	<u>92,670</u>	<u>1</u>	<u>38,381</u>	<u>-</u>
Total non-operating income and expenses	<u>78,428</u>	<u>1</u>	<u>51,509</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,026,921	9	918,838	10
INCOME TAX EXPENSE (Note 23)	<u>187,366</u>	<u>2</u>	<u>163,436</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>839,555</u>	<u>7</u>	<u>755,402</u>	<u>8</u>

(Continued)

# CHC RESOURCES CORPORATION

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

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (11,610)	-	\$ 31,490	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(22,551)	-	(49,394)	-
Loss on hedging instruments subject to basis adjustment	(2,074)	-	2,032	-
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	(5,051)	-	(21,428)	-
Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss	2,322	-	(6,299)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>(20,400)</u>	<u>-</u>	<u>47,679</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(59,364)</u>	<u>-</u>	<u>4,080</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 780,191</u>	<u>7</u>	<u>\$ 759,482</u>	<u>8</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 3.38</u>		<u>\$ 3.04</u>	
Diluted	<u>\$ 3.37</u>		<u>\$ 3.03</u>	

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

(Concluded)

# CHC RESOURCES CORPORATION

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

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

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

# CHC RESOURCES CORPORATION

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,026,921	\$ 918,838
Adjustments for:		
Depreciation expense	869,500	842,401
Amortization expense	21,427	15,573
Net gain on financial assets and liabilities at fair value through profit or loss	(468)	(294)
Finance costs	59,376	47,221
Interest income	(1,394)	(856)
Dividend income	(12,464)	(31,135)
Share of profit of subsidiaries and associates	(92,670)	(38,381)
Loss (gain) on disposal of property, plant and equipment	(358)	1,602
Write-down of inventories	1,673	146
Impairment loss on property, plant and equipment	2,005	-
Recognition of provisions	144,197	11,051
Others	-	112
Changes in operating assets and liabilities		
Contract assets - current	17,522	(4,411)
Notes receivable	(23,289)	11,654
Accounts receivable	(16,406)	25,780
Accounts receivable - related parties	(288,848)	58,604
Other receivables	972	(1,147)
Other receivables - related parties	17,564	37,400
Inventories	(83,042)	47,685
Prepayments	52,173	(41,032)
Other current assets	1,517	2,382
Other financial assets	(650)	-
Costs to fulfil a contract	(3,169)	(5,301)
Contract liabilities - current	(4,694)	(59,511)
Notes payable	(9,177)	12,555
Accounts payable	(1,435)	12,611
Accounts payable - related parties	(3,914)	(476)
Other payables	(15,417)	(12,571)
Other payables - related parties	(7,211)	49,170
Provisions	(2,585)	-
Other current liabilities	(6,822)	5,526
Net defined benefit liabilities	(17,547)	(7,786)
Cash generated from operations	<u>1,623,287</u>	<u>1,897,410</u>
Income taxes paid	<u>(167,507)</u>	<u>(166,409)</u>
Net cash generated from operating activities	<u>1,455,780</u>	<u>1,731,001</u>

(Continued)

# CHC RESOURCES CORPORATION

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

	<u>For the Year Ended December 31</u>	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (30,298)	\$ -
Acquisition of financial assets at fair value through profit or loss	(900,000)	(530,000)
Proceeds from disposal of financial assets at fair value through profit or loss	900,468	580,310
Acquisition of financial assets for hedging	(8,864)	(35,570)
Proceeds of financial assets for hedging	40,113	-
Proceeds from the capital reduction and liquidation on investment accounted for using the equity method	4,861	-
Acquisition of property, plant and equipment	(203,883)	(212,275)
Proceeds from disposal of property, plant and equipment	396	3,813
Decrease in refundable deposits	8,802	14,085
Payments for intangible assets	(4,485)	(6,236)
Increase in other noncurrent assets	(17,062)	(12,764)
Interest received	1,398	852
Dividends received from others	12,464	31,135
Dividends received from subsidiaries and associates	<u>67,351</u>	<u>70,079</u>
Net cash used in investing activities	<u>(128,739)</u>	<u>(96,571)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	5,917,707	3,637,451
Repayments of short-term borrowings	(5,828,519)	(3,529,454)
Proceeds from short-term bills payable	200,000	-
Repayments of short-term bills payable	(200,000)	(149,989)
Proceeds from long-term borrowings	3,600,000	3,820,000
Repayments of long-term borrowings	(3,927,667)	(4,507,667)
Increase in guarantee deposits received	(15,399)	5,151
Repayments of principal portion of lease liabilities	(363,269)	(346,329)
Dividends paid	(621,351)	(621,351)
Interest paid	<u>(60,712)</u>	<u>(46,543)</u>
Net cash used in financing activities	<u>(1,299,210)</u>	<u>(1,738,731)</u>
NET INCREASE (DECREASE) IN CASH	27,831	(104,301)
CASH AT THE BEGINNING OF THE YEAR	<u>82,644</u>	<u>186,945</u>
CASH AT THE END OF THE YEAR	<u>\$ 110,475</u>	<u>\$ 82,644</u>

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

(Concluded)

# CHC RESOURCES CORPORATION

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of the date the standalone financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the Corporation's 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 standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

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

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

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

When preparing these standalone financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these standalone financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

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

d. Foreign currencies

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries attributable to the Corporation.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Profit or loss resulting from downstream transactions is eliminated in full only in the standalone financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the standalone financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

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

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

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

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's standalone financial statements only to the extent of interests in the associate that are not related to the Corporation.

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

#### h. Property, plant and equipment

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

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

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

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

#### i. Investment properties

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Assets related to contract costs

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

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

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

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

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

to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

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

ii Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

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

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

c) Derecognition of financial assets and contract assets

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

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

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

2) Equity instruments

Equity instruments issued by the Corporation is recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Hedge accounting

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

Cash flow hedges

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

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction

subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

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

o. Provisions

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

p. Revenue recognition

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

1) Merchandise sales revenue

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

2) Service revenue

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

3) Construction revenue

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

q. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

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

1) The Corporation as lessor

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

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

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

2) The Corporation as lessee

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

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

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

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

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

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

r. Borrowing costs

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plans.

3) Termination benefits

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary

differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

### 3) Current and deferred taxes

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

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

### Key sources of estimation uncertainty - write-down of inventories

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

## 6. CASH

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Checking accounts and demand deposits	\$ <u>110,475</u>	\$ <u>82,644</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Domestic investments (investments in equity instruments)		
Listed shares	\$ 280,849	\$ 274,214
Unlisted shares	<u>16,501</u>	<u>15,388</u>
	<u>\$ 297,350</u>	<u>\$ 289,602</u>
Current	\$ 280,849	\$ 274,214
Noncurrent	<u>16,501</u>	<u>15,388</u>
	<u>\$ 297,350</u>	<u>\$ 289,602</u>

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

Dividends income of NT\$12,464 thousand and NT\$31,135 thousand were recognized for the years ended December 31, 2023 and 2022, respectively.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Operating	<u>\$ 259,999</u>	<u>\$ 236,710</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 921,868	\$ 616,614
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 921,868</u>	<u>\$ 616,614</u>

The Corporation makes prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation continues to manage the financial condition and entire credit risk of their customers and obtains 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 continues to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation reviews 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 writes 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 continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 60 Days</b>	<b>61 to 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 1,082,312	\$ 99,555	\$ -	\$ -	\$ 1,181,867
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,082,312</u>	<u>\$ 99,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,867</u>

December 31, 2022

	<b>Not Past Due</b>	<b>1 to 30 Days</b>	<b>31 to 60 Days</b>	<b>61 to 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 787,261	\$ 66,063	\$ -	\$ -	\$ 853,324
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 787,261</u>	<u>\$ 66,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,324</u>

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

## 9. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw materials	\$ 88,821	\$ 64,812
Supplies	182,587	174,891
Finished goods	86,078	69,716
Merchandise	1,083	1,812
Materials and supplies in transit	<u>34,031</u>	<u>-</u>
	<u>\$ 392,600</u>	<u>\$ 311,231</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was NT\$4,524,000 thousand and NT\$4,337,316 thousand, respectively, which included a loss on inventories of NT\$1,673 thousand and loss on inventories of NT\$146 thousand, respectively.

## 10. OTHER FINANCIAL ASSETS - NONCURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Pledged time deposits - performance bond (Note 28)	<u>\$ 3,850</u>	<u>\$ 3,200</u>

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in subsidiaries	\$ 999,743	\$ 994,522
Investments in associates	<u>299,179</u>	<u>309,392</u>
	<u>\$ 1,298,922</u>	<u>\$ 1,303,914</u>

### a. Investments in subsidiaries

	<u>December 31</u>				
	<u>2023</u>		<u>2022</u>		
	<u>Amount</u>	<u>% of Owner - ship</u>	<u>Amount</u>	<u>% of Owner - ship</u>	<u>Note</u>
Name of subsidiaries					
CHC Resources Vietnam Co., Ltd.	\$ 657,085	85	\$ 651,735	85	
Yu Cheng Lime Corporation	139,361	90	139,217	90	
Union Steel Development Corporation	110,397	93.37	118,618	93.37	
Pao Good Industrial Co., Ltd.	<u>92,900</u>	51	<u>84,952</u>	51	
	<u>\$ 999,743</u>		<u>\$ 994,522</u>		

### b. Investments in associates

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates that are not individually material	<u>\$ 299,179</u>	<u>\$ 309,392</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
The Corporation's share of		
Net profit for the year	\$ 14,335	\$ 23,914
Other comprehensive loss	<u>(2,761)</u>	<u>(20,198)</u>
Total comprehensive income	<u>\$ 11,574</u>	<u>\$ 3,716</u>

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

## 12. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 8 for the movements in property, plant and equipment for the year ended December 31, 2023 and 2022.

The property, plant and equipment of the Corporation 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	3-10 years
Leasehold improvement	2-35 years

The carrying amounts of property, plant and equipment that were pledged by the Corporation for bank financing credit line are set out in Note 28.

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

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Affect both cash and non-cash items from investing activities		
Increase in property, plant and equipment	\$ 233,851	\$ 197,058
Increase (decrease) in prepayments for equipment	(11,000)	11,000
Decrease (increase) in payables on equipment	(18,041)	4,449
Capitalized interest	<u>(927)</u>	<u>(232)</u>
Paid in cash	<u>\$ 203,883</u>	<u>\$ 212,275</u>

## 13. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land	\$ 1,179,489	\$ 1,352,377
Buildings	294,850	270,107

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Machinery and Equipment	\$ 118	\$ -
Transportation equipment	<u>17,059</u>	<u>14,055</u>
	<u>\$ 1,491,516</u>	<u>\$ 1,636,539</u> (Concluded)
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 219,380</u>	<u>\$ 184,258</u>
Depreciation charge for right-of-use assets		
Land	\$ 332,741	\$ 331,238
Buildings	31,377	17,731
Machinery and Equipment	118	-
Transportation equipment	<u>6,179</u>	<u>6,472</u>
	<u>\$ 370,415</u>	<u>\$ 355,441</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	<u>\$ 343,513</u>	<u>\$ 350,656</u>
Noncurrent	<u>\$ 1,194,652</u>	<u>\$ 1,325,386</u>

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

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

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

c. Material leasing activities and terms

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

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

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

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

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

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

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

## 2) Blast-Furnace Slag Cement business in Taipei Port

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

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

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

## 3) Other resource reutilization business

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

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	\$ <u>6,181</u>	\$ <u>5,972</u>
Total cash outflow for leases	\$ <u>393,949</u>	\$ <u>374,701</u>

The Corporation has 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.

#### 14. INVESTMENT PROPERTIES

For the year ended December 31, 2023

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2023	\$ 1,107,062	\$ 30,796	\$ 1,137,858
Reclassification from property, plant and equipment	<u>1,216,078</u>	<u>27,163</u>	<u>1,243,241</u>
Balance at December 31, 2023	<u>\$ 2,323,140</u>	<u>\$ 57,959</u>	<u>\$ 2,381,099</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 6,370	\$ 13,479	\$ 19,849
Depreciation	-	1,981	1,981
Reclassification from property, plant and equipment	<u>-</u>	<u>20,550</u>	<u>20,550</u>
Balance at December 31, 2023	<u>\$ 6,370</u>	<u>\$ 36,010</u>	<u>\$ 42,380</u>
Carrying amount at December 31, 2023	<u>\$ 2,316,770</u>	<u>\$ 21,949</u>	<u>\$ 2,338,719</u>

For the year ended December 31, 2022

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 15,611	\$ 6,094	\$ 21,705
Reclassification from property, plant and equipment	<u>1,091,451</u>	<u>24,702</u>	<u>1,116,153</u>
Balance at December 31, 2022	<u>\$ 1,107,062</u>	<u>\$ 30,796</u>	<u>\$ 1,137,858</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 6,370	\$ 3,894	\$ 10,264
Depreciation	-	285	285
Reclassification from property, plant and equipment	<u>-</u>	<u>9,300</u>	<u>9,300</u>
Balance at December 31, 2022	<u>\$ 6,370</u>	<u>\$ 13,479</u>	<u>\$ 19,849</u>
Carrying amount at December 31, 2022	<u>\$ 1,100,692</u>	<u>\$ 17,317</u>	<u>\$ 1,118,009</u> (Concluded)

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

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

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 29,572	\$ 15,283
Year 2	29,572	14,988
Year 3	29,572	14,988
Year 4	22,089	14,988
Year 5	7,592	5,010
Year 6 onwards	-	-

Except for the reclassification of investment properties from property, plant and equipment (refer to Table 8), the Corporation had no significant addition, disposal and impairment on investment properties for the years ended December 31, 2023 and 2022. Buildings are depreciated through 3 to 55 years on a straight-line basis.

As of December 31, 2023 and 2022, the fair values of investment properties were NT\$2,483,935 thousand and NT\$1,216,034 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 are from self-owned equity.

## 15. INTANGIBLE ASSETS

For the year ended December 31, 2023

Cost	<b>Computer Software</b>
Balance at January 1, 2023	\$ 10,197
Additions	<u>4,485</u>
Balance at December 31, 2023	<u>14,682</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2023	3,230
Amortization expenses	<u>3,954</u>
Balance at December 31, 2023	<u>7,184</u>
Carrying amount at December 31, 2023	<u>\$ 7,498</u>

For the year ended December 31, 2022

Cost	<b>Computer Software</b>
Balance at January 1, 2022	\$ 3,961
Additions	<u>6,236</u>
Balance at December 31, 2022	<u>10,197</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	1,067
Amortization expenses	<u>2,163</u>
Balance at December 31, 2022	<u>3,230</u>
Carrying amount at December 31, 2022	<u>\$ 6,967</u>

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

## 16. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Unsecured bank loans - annual interest rates range was 1.635%-1.65% and 1.5%-1.65% as of December 31, 2023 and 2022, respectively	\$ 400,000	\$ 350,000

(Continued)

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Letters of credit - annual interest rates range was 1.71%-1.775% and 1.6443%-1.65% as of December 31, 2023 and 2022, respectively	\$ 48,466	\$ 9,278
	<u>\$ 448,466</u>	<u>\$ 359,278</u> (Concluded)

b. Long-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Unsecured bank loans - due in June 2025, annual interest rates range was 1.6%-1.8256% and 1.2268%-1.95% as of December 31, 2023 and 2022	\$ 1,378,833	\$ 1,706,500
Less: Current portion	<u>78,833</u>	<u>157,667</u>
	<u>\$ 1,300,000</u>	<u>\$ 1,548,833</u>

**17. OTHER PAYABLES (INCLUDING RELATED PARTIES)**

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Freight	\$ 217,351	\$ 242,748
Outsourced salaries	180,270	185,350
Salaries and bonus	170,545	165,961
Compensation of employees and remuneration of directors and supervisors	44,479	40,783
Utility bill	36,946	35,054
Others	<u>336,785</u>	<u>339,515</u>
	<u>\$ 986,376</u>	<u>\$ 1,009,411</u>

The estimated expenses of cleanup plan stated in Note 30 were NT\$316,355 thousand and NT\$211,163 thousand as of December 31, 2023 and 2022, respectively. The amounts were recognized as other payables-others and provisions.

**18. PROVISIONS - NONCURRENT**

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Cost of resource reutilization	<u>\$ 306,146</u>	<u>\$ 164,534</u>

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

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

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

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

The amounts included in the standalone balance sheets in respect of the Corporation's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 378,195	\$ 364,700
Fair value of plan assets	<u>(328,786)</u>	<u>(309,354)</u>
Net defined benefit liabilities	<u>\$ 49,409</u>	<u>\$ 55,346</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2022	<u>\$ 369,302</u>	<u>\$ (274,680)</u>	<u>\$ 94,622</u>
Service cost			
Current service cost	6,007	-	6,007
Interest expense (income)	<u>1,847</u>	<u>(1,410)</u>	<u>437</u>
Recognized in profit or loss	<u>7,854</u>	<u>(1,410)</u>	<u>6,444</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(21,740)	(21,740)
Actuarial gain - changes in financial assumptions	(17,445)	-	(17,445)
Actuarial loss - experience adjustments	<u>7,695</u>	<u>-</u>	<u>7,695</u>
Recognized in other comprehensive income	<u>(9,750)</u>	<u>(21,740)</u>	<u>(31,490)</u>
Contributions from the employer	<u>-</u>	<u>(14,221)</u>	<u>(14,221)</u>
Benefits paid	<u>(2,706)</u>	<u>2,697</u>	<u>(9)</u>
Balance at December 31, 2022	<u>364,700</u>	<u>(309,354)</u>	<u>55,346</u>
Service cost			
Current service cost	4,855	-	4,855
Interest expense (income)	<u>5,461</u>	<u>(4,752)</u>	<u>709</u>
Recognized in profit or loss	<u>10,316</u>	<u>(4,752)</u>	<u>5,564</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,868)	(1,868)
Actuarial loss - changes in financial assumptions	7,951	-	7,951
Actuarial loss - experience adjustments	<u>5,527</u>	<u>-</u>	<u>5,527</u>
Recognized in other comprehensive income	<u>13,478</u>	<u>(1,868)</u>	<u>11,610</u>
Contributions from the employer	<u>-</u>	<u>(14,776)</u>	<u>(14,776)</u>
Benefits paid	<u>(10,299)</u>	<u>1,964</u>	<u>(8,335)</u>
Balance at December 31, 2023	<u>\$ 378,195</u>	<u>\$(328,786)</u>	<u>\$ 49,409</u>

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate (%)	1.25	1.375-1.5
Expected rate of salary increase (%)	2.5	2.5

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Discount rate		
0.25% increase	<u>\$ (8,013)</u>	<u>\$ (8,116)</u>
0.25% decrease	<u>\$ 8,250</u>	<u>\$ 8,367</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 8,007</u>	<u>\$ 8,135</u>
0.25% decrease	<u>\$ (7,817)</u>	<u>\$ (7,931)</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Expected contributions to the plan for the next year	<u>\$ 14,640</u>	<u>\$ 14,916</u>
Average duration of the defined benefit obligation		
Managers	6.6years	7.8 years
Employees	8.7years	9.1 years

## 20. EQUITY

### a. Ordinary shares

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

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

### b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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
Consolidation excess	157,497	157,497
Donations	<u>108</u>	<u>108</u>
	<u>\$ 162,024</u>	<u>\$ 162,024</u>

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

### c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ (16,063)	\$ (63,742)
Recognized for the year		
Share from subsidiaries and associates accounted for using the equity method	<u>(20,400)</u>	<u>47,679</u>
Balance, end of the year	<u>\$ (36,463)</u>	<u>\$ (16,063)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, beginning of the year	\$ 48,367	\$ 120,249
Recognized for the year		
Unrealized gains (losses) - equity instruments	(22,551)	(49,394)
Share from subsidiaries and associates accounted for using the equity method	(4,816)	(22,503)

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	\$ (2,027)	\$ 15
Balance, end of the year	<u>\$ 18,973</u>	<u>\$ 48,367</u> (Concluded)

### 3) Gains (Losses) on Hedging Instruments

#### Cash flow hedges

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

## 21. REVENUE

### a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes receivable and accounts receivable (Note 8)	<u>\$ 1,181,867</u>	<u>\$ 853,324</u>	<u>\$ 949,362</u>
Contract assets - current			
Construction contracts	\$ 1,485	\$ 19,007	\$ 14,596
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,485</u>	<u>\$ 19,007</u>	<u>\$ 14,596</u>
Contract liabilities - current			
Sale received in advance	\$ 28,847	\$ 25,449	\$ 31,633
Services received in advance	478	6,353	40,740
Construction contracts	<u>477</u>	<u>2,694</u>	<u>21,634</u>
	<u>\$ 29,802</u>	<u>\$ 34,496</u>	<u>\$ 94,007</u>

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

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous period was NT\$34,496 thousand and NT\$94,007 thousand, respectively.

b. Assets related to contract costs

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Cost to fulfil a contract		
Executing cost	<u>\$ 10,759</u>	<u>\$ 7,590</u>

c. Disaggregation of revenue

For the year ended December 31, 2023

<u>Type of goods or services</u>	<b>Blast-Furnace Slag Cement Division</b>	<b>Resource Reutilization Division</b>	<b>Others</b>	<b>Total</b>
Sales	\$ 5,308,850	\$ 488,991	\$ -	\$ 5,797,841
Services revenue	214,951	5,058,271	-	5,273,222
Construction revenue	<u>-</u>	<u>-</u>	<u>13,681</u>	<u>13,681</u>
	<u>\$ 5,523,801</u>	<u>\$ 5,547,262</u>	<u>\$ 13,681</u>	<u>\$ 11,084,744</u>

For the year ended December 31, 2022

<u>Type of goods or services</u>	<b>Blast-Furnace Slag Cement Division</b>	<b>Resource Reutilization Division</b>	<b>Others</b>	<b>Total</b>
Sales	\$ 4,698,732	\$ 744,572	\$ -	\$ 5,443,304
Services revenue	223,324	4,559,744	-	4,783,068
Construction revenue	<u>-</u>	<u>-</u>	<u>43,148</u>	<u>43,148</u>
	<u>\$ 4,922,056</u>	<u>\$ 5,304,316</u>	<u>\$ 43,148</u>	<u>\$ 10,269,520</u>

**22. PROFIT BEFORE INCOME TAX**

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income	\$ 33,890	\$ 26,985
Dividend income	12,464	31,135
Others	<u>2,671</u>	<u>2,134</u>
	<u>\$ 49,025</u>	<u>\$ 60,254</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value changes of financial assets and financial liabilities mandatorily classified as at fair value through profit	\$ 468	\$ 294
Gain (loss) on disposal of property, plant and equipment	358	(1,602)
Net foreign exchange gain (loss)	(82)	1,717
Impairment loss on property, plant and equipment	(2,005)	-
Others	<u>(4,024)</u>	<u>(1,170)</u>
	<u>\$ (5,285)</u>	<u>\$ (761)</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on borrowings	\$ 35,804	\$ 25,053
Interest on lease liabilities	<u>24,499</u>	<u>22,400</u>
	60,303	47,453
Less: Amounts included in the cost of qualifying assets	<u>927</u>	<u>232</u>
	<u>\$ 59,376</u>	<u>\$ 47,221</u>

Information on capitalized interest was as follows:

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

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 497,104	\$ 486,675
Right-of-use assets	370,415	355,441
Investment properties	1,981	285
Intangible assets	3,954	2,163
Other noncurrent assets	<u>17,473</u>	<u>13,410</u>
	<u>\$ 890,927</u>	<u>\$ 857,974</u>
An analysis of depreciation by function		
Operating costs	\$ 833,379	\$ 808,963
Operating expenses	34,140	33,213
Others	<u>1,981</u>	<u>225</u>
	<u>\$ 869,500</u>	<u>\$ 842,401</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
An analysis of amortization by function		
Operating costs	\$ 17,400	\$ 13,285
Operating expenses	<u>4,027</u>	<u>2,288</u>
	<u>\$ 21,427</u>	<u>\$ 15,573</u>
		(Concluded)

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits		
Salaries	\$ 446,890	\$ 434,405
Labor and health insurance	27,207	26,033
Others	<u>27,632</u>	<u>26,660</u>
	<u>501,729</u>	<u>487,098</u>
Post-employment benefits		
Defined contribution plans	6,945	6,559
Defined benefit plans (Note 19)	5,564	6,444
Other	<u>1,193</u>	<u>-</u>
	<u>13,702</u>	<u>13,003</u>
Termination benefits	<u>12</u>	<u>-</u>
	<u>\$ 515,443</u>	<u>\$ 500,101</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 284,341	\$ 274,375
Operating expenses	<u>231,102</u>	<u>225,726</u>
	<u>\$ 515,443</u>	<u>\$ 500,101</u>

f. Compensation of employees and remuneration of directors

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

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

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

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

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

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

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

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

## 23. INCOME TAX

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 202,283	\$ 169,791
Adjustment for prior year	(2,366)	(1,036)
Deferred tax	<u>(12,551)</u>	<u>(5,319)</u>
	<u>\$ 187,366</u>	<u>\$ 163,436</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before income tax	<u>\$ 1,026,921</u>	<u>\$ 918,838</u>
Income tax expense calculated at the statutory rate	\$ 205,384	\$ 183,768
Tax-exempt income and deductible income tax difference	(15,652)	(19,296)
Adjustments for prior year	<u>(2,366)</u>	<u>(1,036)</u>
	<u>\$ 187,366</u>	<u>\$ 163,436</u>

b. Income tax recognized in other comprehensive income

**For the Year Ended December 31**  
**2023**                      **2022**

Deferred tax		
Remeasurement of defined benefit plans	<u>\$ 2,322</u>	<u>\$ (6,299)</u>

c. Current income tax liabilities

**December 31**  
**2023**                      **2022**

Income tax payable	<u>\$ 202,201</u>	<u>\$ 169,791</u>
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d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit liabilities	\$ 11,069	\$ (3,509)	\$ 2,322	\$ 9,882
Cleanup costs	40,222	(7,823)	-	32,399
Provision	32,907	28,322	-	61,229
Others	659	757	-	1,416
	<u>\$ 84,857</u>	<u>\$ 17,747</u>	<u>\$ 2,322</u>	<u>\$ 104,926</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 74,463	\$ -	\$ -	\$ 74,463
Investment income	3,138	5,236	-	8,374
Others	40	(40)	-	-
	<u>\$ 77,641</u>	<u>\$ 5,196</u>	<u>\$ -</u>	<u>\$ 82,837</u>

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit liabilities	\$ 21,093	\$ (3,725)	\$ (6,299)	\$ 11,069

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Cleanup costs	\$ 40,846	\$ (624)	\$ -	\$ 40,222
Provision	30,697	2,210	-	32,907
Others	<u>662</u>	<u>(3)</u>	<u>-</u>	<u>659</u>
	<u>\$ 93,298</u>	<u>\$ (2,142)</u>	<u>\$ (6,299)</u>	<u>\$ 84,857</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 74,463	\$ -	\$ -	\$ 74,463
Investment income	10,639	(7,501)	-	3,138
Others	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>
	<u>\$ 85,102</u>	<u>\$ (7,461)</u>	<u>\$ -</u>	<u>\$ 77,641</u> (Concluded)

e. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

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

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

## 25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation 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 consists of net debt (borrowings offset by cash) and equity of the Corporation (comprising issued capital, reserves, retained earnings, other equity).

The Corporation is not subject to any externally imposed capital requirements.

## 26. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 280,849	\$ -	\$ -	\$ 280,849
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>16,501</u>	<u>16,501</u>
	<u>\$ 280,849</u>	<u>\$ -</u>	<u>\$ 16,501</u>	<u>\$ 297,350</u>
<u>December 31, 2022</u>				
Financial assets at fair value through other comprehensive income				
Equity instruments				
Domestic listed shares	\$ 274,214	\$ -	\$ -	\$ 274,214
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>15,388</u>	<u>15,388</u>
	<u>\$ 274,214</u>	<u>\$ -</u>	<u>\$ 15,388</u>	<u>\$ 289,602</u>

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

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets at fair value through other comprehensive income (equity instruments)</u>		
Balance, beginning of the year	\$ 15,388	\$ 13,712
Recognized in other comprehensive income	<u>1,113</u>	<u>1,676</u>
Balance, end of the year	<u>\$ 16,501</u>	<u>\$ 15,388</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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at fair value through other comprehensive income - equity instruments	\$ 297,350	\$ 289,602
Financial assets for hedging	4,279	37,602
Financial assets at amortized cost 1)	1,577,915	1,248,233
<u>Financial liabilities</u>		
Financial liabilities at amortized cost 2)	3,143,042	3,424,473

1) The balances included financial assets at amortized cost, which comprise cash, 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 places 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 was 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 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 for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments for speculative purposes.

## 1) Market risk

The Corporation activities exposed it primarily to financial risks as follows:

### a) Foreign currency risk

The Corporation 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's foreign currency-denominated monetary assets and monetary liabilities at the end of the year are set out in Note 31.

### Sensitivity analysis

The Corporation is mainly exposed to the USD and the JPY.

The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included bank deposits, accounts receivable, other receivables and financial assets for hedging. If the foreign exchange rates of the New Taiwan dollar against the relevant currency had been 1% higher/lower, the amount of profit before income tax and equity for the years ended December 31, 2023 and 2022, would have increased/decreased by NT\$102 thousand and NT\$547 thousand, respectively.

### b) Interest rate risk

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial liabilities	\$ 1,538,165	\$ 1,676,042
Cash flow interest rate risk		
Financial assets	90,077	65,596
Financial liabilities	1,827,299	2,065,778

The sensitivity analysis below was determined based on the Corporation's 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's cash flows for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$18,273 thousand and NT\$20,658 thousand, respectively, which were mainly a result of variable-rate borrowings.

### c) Other price risk

The Corporation were exposed to equity price risk through its investments in listed equity securities, which are held for strategic rather than trading purposes, the Corporation does not actively trade these investments. The Corporation's equity price risk is mainly concentrated in

instruments of listed steel industry.

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$2,808 thousand and NT\$2,742 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. At the end of the reporting period, the Corporation maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Corporation, could be equal mainly to the carrying amount of the respective recognized financial assets as stated in the standalone 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 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 also control credit risk insurance by credit limit every year.

The Corporation's concentrations of credit risk in the industries were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cement industry	\$ 708,041	\$ 547,342
Steel industry	<u>322,271</u>	<u>132,303</u>
	<u>\$ 1,030,312</u>	<u>\$ 679,645</u>

## 3) Liquidity risk

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

As of December 31, 2023, the current liabilities of the Corporation exceeded current assets by NT\$356,967 thousand. However, the Corporation's operating profits were normal and had sufficient unutilized short-term and long-term bank financing lines; therefore, there was no liquidity risk.

The Corporation relies on bank borrowings as a significant source of liquidity. As of the balance sheet date, the Corporation 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's 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 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.

	<b>Less Than 1 Year</b>	<b>Over 1 Years</b>	<b>Total</b>
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 1,313,179	\$ 2,564	\$ 1,315,743
Variable interest rate instruments	532,897	1,328,431	1,861,328
Lease liabilities	<u>358,101</u>	<u>1,313,892</u>	<u>1,671,993</u>
	<u>\$ 2,204,177</u>	<u>\$ 2,644,887</u>	<u>\$ 4,849,064</u>

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

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	<u>\$ 358,101</u>	<u>\$ 985,820</u>	<u>\$ 328,072</u>

	<b>Less Than 1 Year</b>	<b>Over 1 Years</b>	<b>Total</b>
<u>December 31, 2022</u>			
Non-interest bearing liabilities	\$ 1,358,331	\$ 364	\$ 1,358,695
Variable interest rate instruments	523,920	1,590,621	2,114,541
Lease liabilities	<u>369,620</u>	<u>1,451,510</u>	<u>1,821,130</u>
	<u>\$ 2,251,871</u>	<u>\$ 3,042,495</u>	<u>\$ 5,294,366</u>

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

	<b>Less Than 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	<u>\$ 369,620</u>	<u>\$ 1,014,377</u>	<u>\$ 437,133</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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank facilities		
Amount used	\$ 2,195,420	\$ 2,495,393
Amount unused	<u>6,397,138</u>	<u>6,721,107</u>
	<u>\$ 8,592,558</u>	<u>\$ 9,216,500</u>
Secured bank facilities		
Amount used	\$ -	\$ -
Amount unused	<u>20,000</u>	<u>20,000</u>
	<u>\$ 20,000</u>	<u>\$ 20,000</u>

4) Cash flow hedges

December 31, 2023

Hedging Instrument	Currency	Amount	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Cash flow hedges-hedging deposits	JPY	\$ <u>19,700</u>	Financial assets for hedging	\$ <u>4,279</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 hedges			
Forecast purchases equipment	\$ <u>(2,074)</u>	\$ <u>(42)</u>	\$ -

For the year ended December 31, 2023

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

December 31, 2022

Hedging Instrument	Currency	Amount	Line Item in Balance Sheet	Carrying Amount	
				Asset	Liability
Cash flow hedges-hedging deposits	JPY	<u>\$ 161,800</u>	Financial assets for hedging	<u>\$ 37,602</u>	<u>\$ -</u>
		<b>Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness</b>		<b>Balance in Other Equity</b>	
				<b>Continuing Hedges</b>	<b>Discontinuing Hedges</b>
Cash flow hedges					
Forecast purchases equipment		<u>\$ 2,032</u>		<u>\$ 2,032</u>	<u>\$ -</u>

For the year ended December 31, 2022

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

## 27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties were disclosed as follows:

- a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
China Steel Corporation (CSC)	Parent of the Corporation
Union Steel Development Corporation (USDC)	Subsidiary
Yu Cheng Lime Corporation (YCLC)	Subsidiary
Pao Good Industrial Co., Ltd.	Subsidiary
CHC Resources Vietnam Co., Ltd (CHCRVC)	Subsidiary
Chung Hung Steel Corporation (CHSC)	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
United Steel Engineering & Construction Corporation	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

(Continued)

<u>Related Party Name</u>	<u>Relate Party Category</u>
Infochamp Systems Corporation	Fellow subsidiary
China Steel Structure Co., Ltd.	Fellow subsidiary
C.S.Aluminium Corporation (CSAC)	Fellow subsidiary
CSC Solar Corporation (CSC SOLAR)	Fellow subsidiary
China Prosperity Construction Corporation	Fellow subsidiary
Taiwan Cement Corporation (TCC)	Director of the Corporation
Asia Cement Corporation (ACC)	Director of the Corporation
Universal Cement Corporation	Director of the Corporation
Southeast Cement Corporation	Director of the Corporation
Taiwan Transport & Storage Corporation (TTSC)	Subsidiary of director of the Corporation
Nan-Hwa Cement Corporation (NHCC)	Subsidiary of director of the Corporation
Ta-Ho Maritime Corporation	Subsidiary of director of the Corporation
Ya Tung Ready Mixed Concrete Co., Ltd.	Subsidiary of director of the Corporation
Universal Cement Concrete Corporation	Subsidiary of director of the Corporation
Ya Li Transportation Corporation (YL)	Subsidiary of director of the Corporation
Fu-Ming Transport Corporation	Subsidiary of director of the Corporation

(Concluded)

b. Operating revenue

Account Items	Related Party Category/Name	Collection Period	For the Year Ended December 31	
			2023	2022
Sales	Parent entity - CSC	Open account next month	\$ 119,342	\$ 104,959
	Subsidiaries	Open account 45 days	21,771	65,692
	Fellow subsidiaries	Open account 30-70 days	7,987	15,896
	Directors and its subsidiaries TCC	Open account 60 days	823,983	698,830
	Others	Open account 30-70 days	839,491	726,089
				<u>\$ 1,812,574</u>
Service revenue	Parent entity - CSC	Open account next month	\$ 2,950,823	\$ 2,584,805
	Subsidiaries	Open account 45-60 days	19,801	21,409

(Continued)

Account Items	Related Party Category/Name	Collection Period	For the Year Ended December 31	
			2023	2022
	Fellow subsidiaries			
	DSC	Open account 30-70 days	\$ 1,400,136	\$ 1,345,564
	CSRC	According to the contract	642,849	559,422
	Others	Open account 30-70 days	22,286	629
	Directors and its subsidiaries	Open account 30-60 days	153,738	137,639
			<u>\$ 5,189,633</u>	<u>\$ 4,649,468</u>
Construction revenue	Parent entity - CSC	According to the contract	\$ 2,618	\$ -
	Fellow subsidiary - CSRC	According to the contract	11,063	43,148
			<u>\$ 13,681</u>	<u>\$ 43,148</u>

(Concluded)

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

c. Purchase of goods

Related Party Category/Name	Payment Term	For the Year Ended December 31	
		2023	2022
Parent entity - CSC	Letter of credit	\$ 728,324	\$ 696,033
Subsidiaries	Open account 30 days	246,773	68,224
Fellow subsidiaries			
CHSC	Letter of credit	378,118	469,215
DSC	Letter of credit	331,464	362,642
Others	Open account 30 days;	129,364	263,853
	Letter of credit;		
	Prepaid before		
	shipping		
Directors and its subsidiaries	Net 45 days from B/L; 3 business days after invoice	418,438	439,958
		<u>\$ 2,232,481</u>	<u>\$ 2,299,925</u>

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

d. Contract assets - current

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

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

e. Contract liabilities - current

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ -	\$ 5,224
Subsidiaries	384	523
Directors and its subsidiaries	<u>-</u>	<u>172</u>
	<u>\$ 384</u>	<u>\$ 5,919</u>

f. Other material transactions with related parties

	For the Year Ended December 31	
	2023	2022
1) Operating lease		
Rental income		
Parent entity - CSC	\$ 32,470	\$ 25,969
2) Security expense		
Fellow subsidiary - CSSC	44,591	42,192
3) Outsourced service expense		
Subsidiary - USDC	156,310	160,778
4) Outsourced manufacturing expense		
Subsidiary - USDC	142,674	144,664
Subsidiary of director - NHCC	103,056	93,058
5) Charges for handling service and freight		
Subsidiaries		
USDC	12,712	14,986
Fellow subsidiary - CSEC	642,348	437,595
Subsidiary of director		
TTSC	44,948	56,563
YL	256,194	203,755
6) Other professional service expense		
Fellow subsidiary - USECC	-	16,691
Director - ACC	136,768	96,500
Director - TCC	10,569	3,858

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
7) Renewable energy expense		
Fellow subsidiary - CSC SOLAR	\$ 11,032	\$ -
		(Concluded)

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

g. Accounts receivable - related parties

	<b>December 31</b>	
<b>Related Party Category/Name</b>	<b>2023</b>	<b>2022</b>
Parent entity - CSC	\$ 171,245	\$ 36,135
Subsidiaries	9,251	17,268
Fellow subsidiaries		
DSC	150,464	96,169
Others	63,576	52,320
Directors and its subsidiaries		
TCC	283,136	210,499
Others	<u>113,853</u>	<u>90,286</u>
	<u>\$ 791,525</u>	<u>\$ 502,677</u>

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

h. Other receivables - related parties

	<b>December 31</b>	
<b>Related Party Category/Name</b>	<b>2023</b>	<b>2022</b>
Parent entity - CSC	\$ 20,495	\$ 38,274
Subsidiaries	4,174	3,721
Fellow subsidiaries	-	231
Directors and its subsidiaries	<u>3</u>	<u>10</u>
	<u>\$ 24,672</u>	<u>\$ 42,236</u>

i. Accounts payable - related parties

	<b>December 31</b>	
<b>Related Party Category/Name</b>	<b>2023</b>	<b>2022</b>
Parent entity - CSC	\$ 12,225	\$ 5,149
Subsidiaries	498	1,558
Fellow subsidiaries		
CHSC	36,530	25,288
Others	4,388	8,702
Directors and its subsidiaries		
TCC	11,153	30,775
Others	<u>37,007</u>	<u>34,243</u>
	<u>\$ 101,801</u>	<u>\$ 105,715</u>

The outstanding accounts payable to related parties are unsecured.

j. Other payable-related parties

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 2,863	\$ 3,232
Subsidiaries	40,677	32,201
Fellow subsidiaries	5,910	38,290
Directors and its subsidiaries	<u>70,249</u>	<u>53,187</u>
	<u>\$ 119,699</u>	<u>\$ 126,910</u>

k. Prepayment

Related Party Category/Name	December 31	
	2023	2022
Parent entity - CSC	\$ 1,328	\$ -
Subsidiaries - CHCRVC	-	12,485
Fellow subsidiary - CSEC	-	32,334
Directors and its subsidiaries	<u>2</u>	<u>7,056</u>
	<u>\$ 1,330</u>	<u>\$ 51,875</u>

l. Lease arrangements

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Acquisition of right-of-use assets		
Parent entity - CSC	\$ 16,888	\$ 66,580
Subsidiaries - YCLC	-	47,270
Fellow subsidiary- CSAC	<u>237</u>	<u>-</u>
	<u>\$ 17,125</u>	<u>\$ 113,850</u>

Account Item	Related Parties Category/Name	December 31	
		2023	2022
Lease liabilities	Parent entity - CSC	\$ 53,282	\$ 53,430
	Subsidiaries	28,539	37,934
	Fellow subsidiary	<u>119</u>	<u>-</u>
		<u>\$ 81,940</u>	<u>\$ 91,364</u>

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Interest expense		
Parent entity - CSC	\$ 1,016	\$ 377
Subsidiaries - YCLC	205	264
Fellow subsidiary	<u>3</u>	<u>-</u>
	<u>\$ 1,224</u>	<u>\$ 641</u>
Lease expense		
Parent entity - CSC	\$ 1,831	\$ 938
Subsidiaries		
Fellow subsidiaries	<u>26</u>	<u>146</u>
	<u>\$ 1,857</u>	<u>\$ 1,084</u>

m. Remuneration of key management personnel

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

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits (including salaries, remuneration, and bonus)	\$ 28,294	\$ 36,448
Post-employment benefits	<u>1,656</u>	<u>258</u>
	<u>\$ 29,950</u>	<u>\$ 36,706</u>

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	2022
Pledged time deposits (under other financial assets - noncurrent)	\$ 3,850	\$ 3,200
Property, plant and equipment		
Land	40,172	40,172
Buildings	<u>1,607</u>	<u>1,762</u>
	<u>\$ 45,629</u>	<u>\$ 45,134</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. Unused letters of credit for importation of materials amounted to NT\$316,881 thousand.
- b. The Corporation provided performance bond of NT\$51,240 thousand guaranteed by financial institutions (Note 13 (c))
- c. To expand the production line, the Corporation entered into the construction contracts amounted to NT\$138,720 thousand, which have not been recorded yet.

## 30. 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.

## 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's 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 the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands of New Taiwan Dollars)</b>
<u>December 31, 2023</u>			
Monetary financial assets			
USD	\$ 194	30.705	\$ 5,969
JPY	19,700	0.2172	4,279

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary financial assets			
Investments accounted for using the equity method			
VND	\$ 527,779,116	0.001245	\$ 657,085
<hr/> December 31, 2022 <hr/>			
Monetary financial assets			
USD	239	30.71	7,329
JPY	203,942	0.2324	47,396
Non-monetary financial assets			
Investments accounted for using the equity method			
VND	507,186,770	0.001285	651,735 (Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were losses of NT\$82 thousand and gains of NT\$1,717 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

## 32. 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: Table 2
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 9) Trading in derivative instruments: None

- b. Information on investees: Table 5
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of the investees, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 6
  - 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 7

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

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

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

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

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

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

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

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

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

Note: Refer to Note 27.

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

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

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

**TABLE 5**

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

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

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

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

**TABLE 7****CHC RESOURCES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

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

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Corporation's ordinary shares (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the standalone 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 8****CHC RESOURCES CORPORATION****STATEMENT OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

For the year ended December 31, 2023

	Land	Land Improvement	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Property under Construction	Total
Cost									
Balance at January 1, 2023	\$ 2,125,481	\$ 142,852	\$ 2,548,553	\$ 5,517,508	\$ 15,594	\$ 56,036	\$ 1,125,655	\$ 61,631	\$ 11,593,310
Additions	-	2,810	19,544	204,237	-	3,724	898	2,638	233,851
Disposals	-	-	(2,756)	(12,179)	-	(88)	-	-	(15,023)
Reclassification	(1,216,078)	-	(27,163)	-	-	-	-	-	(1,243,241)
Balance at December 31, 2023	<u>\$ 909,403</u>	<u>\$ 145,662</u>	<u>\$ 2,538,178</u>	<u>\$ 5,709,566</u>	<u>\$ 15,594</u>	<u>\$ 59,672</u>	<u>\$ 1,126,553</u>	<u>\$ 64,269</u>	<u>\$ 10,568,897</u>
Accumulated depreciation and impairment									
Balance at January 1, 2023	\$ -	\$ 86,998	\$ 1,083,698	\$ 4,536,869	\$ 14,511	\$ 28,429	\$ 503,551	\$ -	\$ 6,254,056
Depreciation expense	-	11,586	84,491	254,497	495	7,251	138,784	-	497,104
Disposals	-	-	(2,718)	(12,178)	-	(89)	-	-	(14,985)
Reclassification	-	-	(20,550)	-	-	-	-	-	(20,550)
Impairment loss	-	-	-	2,005	-	-	-	-	2,005
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 98,584</u>	<u>\$ 1,144,921</u>	<u>\$ 4,781,193</u>	<u>\$ 15,006</u>	<u>\$ 35,591</u>	<u>\$ 642,335</u>	<u>\$ -</u>	<u>\$ 6,717,630</u>
Carrying amount at December 31, 2023	<u>\$ 909,403</u>	<u>\$ 47,078</u>	<u>\$ 1,393,257</u>	<u>\$ 928,373</u>	<u>\$ 588</u>	<u>\$ 24,081</u>	<u>\$ 484,218</u>	<u>\$ 64,269</u>	<u>\$ 3,851,267</u>

For the year ended December 31, 2022

	Land	Land Improvement	Building	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Property under Construction	Total
Cost									
Balance at January 1, 2022	\$ 3,216,932	\$ 105,870	\$ 2,385,239	\$ 5,396,614	\$ 15,526	\$ 34,311	\$ 1,122,667	\$ 262,528	\$ 12,539,687
Additions	-	18,441	207,907	145,541	68	22,897	2,988	(200,784)	197,058
Disposals	-	-	(1,350)	(24,647)	-	(1,172)	-	-	(27,169)
Reclassification	(1,091,451)	18,541	(43,243)	-	-	-	-	(113)	(1,116,266)
Balance at December 31, 2022	<u>\$ 2,125,481</u>	<u>\$ 142,852</u>	<u>\$ 2,548,553</u>	<u>\$ 5,517,508</u>	<u>\$ 15,594</u>	<u>\$ 56,036</u>	<u>\$ 1,125,655</u>	<u>\$ 61,631</u>	<u>\$ 11,593,310</u>

(Continued)

	<b>Land</b>	<b>Land Improvement</b>	<b>Building</b>	<b>Machinery and Equipment</b>	<b>Transportation Equipment</b>	<b>Office Equipment</b>	<b>Leasehold Improvement</b>	<b>Property under Construction</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2022	\$ -	\$ 82,647	\$ 1,014,062	\$ 4,301,726	\$ 13,650	\$ 25,320	\$ 361,030	\$ -	\$ 5,798,435
Depreciation expense	-	6,966	77,154	254,892	861	4,281	142,521	-	486,675
Disposals	-	-	(833)	(19,749)	-	(1,172)	-	-	(21,754)
Reclassification	-	(2,615)	(6,685)	-	-	-	-	-	(9,300)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 86,998</u>	<u>\$ 1,083,698</u>	<u>\$ 4,536,869</u>	<u>\$ 14,511</u>	<u>\$ 28,429</u>	<u>\$ 503,551</u>	<u>\$ -</u>	<u>\$ 6,254,056</u>
Carrying amount at December 31, 2022	<u>\$ 2,125,481</u>	<u>\$ 55,854</u>	<u>\$ 1,464,855</u>	<u>\$ 980,639</u>	<u>\$ 1,083</u>	<u>\$ 27,607</u>	<u>\$ 622,104</u>	<u>\$ 61,631</u>	<u>\$ 5,339,254</u> (Concluded)

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**STATEMENT 1**

**CHC RESOURCES CORPORATION**

**STATEMENT OF CASH**

**DECEMBER 31, 2023**

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

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<b>Item</b>	<b>Amount</b>
Checking accounts	\$ 24,248
Demand deposits	84,033
Foreign currency deposits - including US\$71,459.79 (Note)	<u>2,194</u>
	<u>\$ 110,475</u>

Note: US\$1=NT\$30.705

## CHC RESOURCES CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Shares	Par Value	Amount	Cost	Fair Value	
					Unit Price	Amount
Ordinary shares China Steel Corporation	10,401,806	\$ 10	\$ 104,018	\$ 333,029	\$ 27.00	\$ 280,849

**CHC RESOURCES CORPORATION**

**STATEMENT OF NOTES RECEIVABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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<b>Customer Name</b>	<b>Description</b>	<b>Amount</b>
Non-related parties		
Goldsun Building Materials Co., Ltd.	Sales	\$ 37,601
Li Tai Constructional Co., Ltd.	Sales	18,539
Others (Note)		<u>203,859</u>
		<u>\$ 259,999</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**STATEMENT 4****CHC RESOURCES CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

<b>Customer Name</b>	<b>Description</b>	<b>Amount</b>
Non-related parties		
Min Feng Rmc Co., Ltd	Sales	\$ 21,917
Goldsun Building Materials Co., Ltd.	Sales	19,428
Prosperity Did Enterprise Co., Ltd.	Sales	12,169
Knight Commander Holding Co., Ltd.	Sales	10,934
Guang Hui Building Materials Co., Ltd.	Sales	9,266
Taiwan Semiconductor Manufacturing Company Limited	Sales	7,351
Ruentex Materials Co., Ltd.	Sales	6,559
Others (Note)		<u>42,719</u>
		<u>130,343</u>
Related parties		
Taiwan Cement Corporation	Sales	283,136
China Steel Corporation	Sales and service	171,245
Dragon Steel Corporation	Sales and service	150,464
Ya Tung Concrete Co., Ltd.	Sales	81,864
China Steel Resources Corporation	Construction and service	61,542
Others (Note)		<u>43,274</u>
		<u>791,525</u>
		<u>\$ 921,868</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**CHC RESOURCES CORPORATION****STATEMENT OF INVENTORIES  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Net Realizable Value (Note)</b>
Raw materials	\$ 88,821	\$ 125,209
Supplies	182,587	207,037
Finished goods	86,078	106,378
Merchandise	1,083	1,539
Raw materials in transit	<u>34,031</u>	<u>34,031</u>
	<u>\$ 392,600</u>	<u>\$ 474,194</u>

Note: Refer to Note 4 for details.

## CHC RESOURCES CORPORATION

STATEMENT OF CHANGES FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPERHENSIVE INCOME - NONCURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investees	Balance, January 1, 2023		Additions		Decrease		Balance, December 31, 2023		Collateral
	Shares	Carrying Value	Shares	Amount	Shares	Amount	Shares	Carrying Value	
Ordinary shares Feng Sheng Enterprise Corporation	932,053	<u>\$ 15,388</u>	-	<u>\$ 1,113</u>	-	<u>\$ -</u>	932,053	<u>\$ 16,501</u>	None

## CHC RESOURCES CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investees	Balance, January 1, 2023		Additions		Decrease		Balance, December 31, 2023			Market Value or Net Assets Value (Note 2)	Collateral
	Shares	Amount	Shares	Amount(Note1)	Shares	Amount(Note1)	Shares	% of Ownership	Amount		
Unlisted companies											
Yu Chen Lime Corporation (Investment in subsidiary)	108,000	\$ 139,217	-	\$ 641	-	\$ 497	108,000	90	\$ 139,361	\$ 122,069	None
CHC Resources Vietnam Co., Ltd. (Investment in subsidiary)	-	651,735	-	26,523	-	21,173	-	85	657,085	657,085	None
Union Steel Development Corporation (Investment in subsidiary)	4,668,333	118,618	-	39,805	-	48,026	4,668,333	93.37	110,397	110,397	None
Pao Good Industrial Co., Ltd. (Investment in subsidiary)	5,408,550	84,952	-	11,384	-	3,436	5,408,550	51	92,900	92,900	None
Hsin Hsin Cement Enterprise Corp. (Investment in associate)	9,298,583	114,142	-	8,462	-	2,400	9,298,583	9.99	120,204	130,842	None
Gau Ruei Investment Corporation (Investment in associate)	1,046,500	29,406	-	1,054	-	4,488	1,046,500	35	25,972	25,972	None
Ding Da Investment Corporation (Investment in associate)	1,196,000	27,367	-	1,865	-	4,816	1,196,000	40	24,416	24,416	None
Sheng Lih Dar Investment Corporation (Investment in associate)	960,000	25,054	-	1,384	-	4,042	960,000	40	22,396	22,396	None
Jiing-Cherng-Fa Investment Corporation (Investment in associate)	920,000	22,403	-	1,184	-	3,749	920,000	40	19,838	19,838	None
Shin Mao Investment Corporation (Investment in associate)	897,000	21,921	-	1,361	-	3,376	897,000	30	19,906	19,906	None
Eminent III Venture Capital Corporation (Investment in associate)	3,000,000	22,863	-	1,020	-	3,173	3,000,000	1.66	20,710	20,710	None
Pro-Ascentek Investment Corporation	3,000,000	29,001	-	5,482	-	795	3,000,000	2.5	33,688	33,688	None
HIMAG Magnetic Corporation (Investment in associate)	494,440	12,719	-	787	-	1,457	494,440	1.79	12,049	12,049	None
United Steel International Development Corporation (Investment in associate)	300,000	4,516	-	690	300,000	5,206	-	-	-	-	None
		<u>\$ 1,303,914</u>		<u>\$ 101,642</u>		<u>\$ 106,634</u>			<u>\$ 1,298,922</u>	<u>\$ 1,292,268</u>	

Note 1: The change in the current year was mainly due to gain or loss, adjustments recognized in equity, dividends received and capital reduction liquidation.

Note 2: Net asset value of unlisted companies is calculated based on the investees' financial statements and the Corporation's ownership percentage.

## CHC RESOURCES CORPORATION

**STATEMENT OF RIGHT-OF-USE ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)**

Item	Land	Building	Machinery and Equipment	Transportati on Equipment	Total
Cost					
Balance at January 1, 2023	\$ 2,322,081	\$ 357,762	\$ -	\$ 24,172	\$ 2,704,015
Additions	153,727	56,234	236	9,183	219,380
Revision and termination	(184,721)	(1,280)	-	(7,448)	(193,449)
Balance at December 31, 2023	<u>2,291,087</u>	<u>412,716</u>	<u>236</u>	<u>25,907</u>	<u>2,729,946</u>
Accumulated depreciation					
Balance at January 1, 2023	969,704	87,655	-	10,117	1,067,476
Depreciation expense	332,741	31,377	118	6,179	370,415
Revision and termination	(190,847)	(1,166)	-	(7,448)	(199,461)
Balance at December 31, 2023	<u>1,111,598</u>	<u>117,866</u>	<u>118</u>	<u>8,848</u>	<u>1,238,430</u>
Carrying amount at December 31, 2023	<u>\$ 1,179,489</u>	<u>\$ 294,850</u>	<u>\$ 118</u>	<u>\$ 17,059</u>	<u>\$ 1,491,516</u>

## CHC RESOURCES CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

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

Type	Balance, End of The Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral
Unsecured loans					
Fubon Bank	\$ 300,000	2023.10.16-2024.10.10	1.635	\$ 480,000	None
Mega Bank	<u>100,000</u>	2023.07.27-2024.07.26	1.65	490,000	None
	<u>400,000</u>				
Letters of credit					
Bank of Taiwan	47,344	2023.12.21-2024.01.09	1.71	47,344	None
Taiwan Cooperative Bank	<u>1,122</u>	2023.12.28-2024.01.04	1.775	300,000	None
	<u>48,466</u>				
	<u>\$ 448,466</u>				

**CHC RESOURCES CORPORATION**

**STATEMENT OF NOTES PAYABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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<b>Supplier Name</b>	<b>Description</b>	<b>Amount</b>
Non-related parties		
Total Industrial Limited	raw materials	\$ 3,528
Ji Kai Construction Co.	charges for handing service	1,736
Others (Note)		<u>6,379</u>
		<u>\$ 11,643</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**CHC RESOURCES CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Non-related parties	
Goldsun Building Materials Co., Ltd	\$ 32,204
Nan-Jehn Gas Corporation	10,969
Yu Ching Tang Corporation	8,620
Xiong Jin Transportation Co., Ltd.	7,518
Lea Jie energy Co., Ltd.	6,806
Others (Note)	<u>61,774</u>
	<u>127,891</u>
Related parties	
Chung Hung Steel Corporation	36,530
China Steel Corporation	12,225
Asia Cement Corporation	14,498
Universal Cement Corporation	11,263
Taiwan Cement Corporation	11,153
Southeast Cement Corporation	9,047
Others (Note)	<u>7,085</u>
	<u>101,801</u>
	<u>\$ 229,692</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**CHC RESOURCES CORPORATION****STATEMENT OF LONG-TERM BANK BORROWINGS (INCLUDING CURRENT PORTION)****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

<b>Bank Name</b>	<b>Balance, December 31, 2023</b>	<b>Amount, Contract Period and Repayment Method</b>	<b>Interest Rates (%)</b>	<b>Collateral</b>
Unsecured Loans				
Bank of Taiwan	\$ 100,000	2022.01.11-2025.01.11	1.705	None
The Export-Import Bank of the Republic of China	78,833	2019.06.25-2024.06.25	1.8256	None
Mizuho Bank	500,000	2023.03.16-2025.03.16	1.68	None
Yuanta Bank	<u>700,000</u>	2023.06.20-2025.06.19	1.6-1.61	None
	1,378,833			
Less: Current portion	<u>78,833</u>			
	<u>\$ 1,300,000</u>			

**CHC RESOURCES CORPORATION****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Period</b>	<b>Discount Rates (%)</b>	<b>Amount</b>
Land	2007.01.01-2036.01.31	0.5889-1.9713	\$ 1,188,979
Buildings	2014.12.01-2045.06.30	0.5889-3.45	331,920
Machinery and Equipment	2023.01.01-2024.12.31	1.7366	118
Transportation equipment	2019.09.01-2028.10.31	0.5889-1.7366	17,148
			<hr/>
			<u>\$ 1,538,165</u>
Current			\$ 343,513
Noncurrent			<u>1,194,652</u>
			<u>\$ 1,538,165</u>

**CHC RESOURCES CORPORATION****STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Quantities (Metric Tons)</b>	<b>Amount</b>
Sale of goods		
GGBFS	3,027,702	\$ 4,299,013
Blast-Furnace Slag Cement	137,783	366,391
Special-Purpose Materials	263,932	572,249
Scrap recycling	33,151	404,282
Others (Note)		<u>155,906</u>
		5,797,841
Construction revenue		<u>13,681</u>
Service revenue		
Process revenue		5,051,579
Transportation revenue		191,975
Others (Note)		<u>29,668</u>
		<u>5,273,222</u>
		<u>\$ 11,084,744</u>

Note: The amount of each item included in others does not exceed 10% of the account balance.

## CHC RESOURCES CORPORATION

**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(In Thousands of New Taiwan Dollars)

	Item	Amount
Cost of goods sold		
1.	Cost of finished goods sold	
	Direct materials	
	Raw materials, beginning of the year	\$ 64,812
	Raw material purchased	2,863,643
	Add: Others	456,267
	Less: Raw materials, end of the year (Note)	<u>120,519</u>
		<u>3,264,203</u>
	Supplies	
	Supplies, beginning of the year	174,891
	Supplies purchased	186,826
	Less: Others	1,796
	Less: Supplies, end of the year (Note)	<u>184,919</u>
		<u>175,002</u>
	Direct labor	117,174
	Manufacturing overhead	<u>1,115,618</u>
	Manufacturing cost	4,671,997
	Add: Finished goods, beginning of the year	69,716
	Finished goods purchased	310,784
	Less: Finished goods, end of the year	86,078
	Others	<u>418,531</u>
	Cost of finished goods	4,547,888
	Non-allocation of fixed manufacturing costs	6,257
	Less: Offset against the production and marketing costs	<u>40,639</u>
		<u>4,513,506</u>
2.	Cost of merchandise sold	
	Merchandise, beginning of the year	1,812
	Merchandise purchased	10,024
	Less: Others	258
	Less: Merchandise, end of the year	<u>1,084</u>
		<u>10,494</u>
		<u>4,524,000</u>
	Construction cost	<u>12,307</u>
	Service cost	
	Process cost	4,982,161
	Transportation	<u>185,518</u>
		<u>5,167,679</u>
		<u>\$ 9,703,986</u>

Note: Including raw materials in transit.

**CHC RESOURCES CORPORATION****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>	<b>Total</b>
Payroll expense (including remuneration of directors)	\$ 57,403	\$ 116,149	\$ 14,470	\$ 188,022
Outsourced service	36,544	5,988	2,252	44,784
Depreciation	22,168	10,009	1,963	34,140
Other professional service	26,564	7,869	922	35,355
Employee benefits	135	26,339	32	26,506
Freight	12,988	130	244	13,362
Repair and maintenance	9,926	622	1,575	12,123
Others	<u>30,651</u>	<u>42,835</u>	<u>4,487</u>	<u>77,973</u>
Total	<u>\$ 196,379</u>	<u>\$ 209,941</u>	<u>\$ 25,945</u>	<u>\$ 432,265</u>

## CHC RESOURCES CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

	Year Ended December 31, 2023				Year Ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Others	Total
Employee benefits								
Salaries	\$ 258,868	\$ 173,976	\$ -	\$ 432,844	\$ 249,645	\$ 166,958	\$ -	\$ 416,603
Labor and health insurance	16,973	10,234	-	27,207	16,171	9,862	-	26,033
Post-employment benefits	7,423	6,279	-	13,702	7,629	5,374	-	13,003
Remuneration of directors	-	14,046	-	14,046	-	17,802	-	17,802
Termination benefits	7	5	-	12	-	-	-	-
Others	1,070	26,562	-	27,632	930	25,730	-	26,660
	<u>\$ 284,341</u>	<u>\$ 231,102</u>	<u>\$ -</u>	<u>\$ 515,443</u>	<u>\$ 274,375</u>	<u>\$ 225,726</u>	<u>\$ -</u>	<u>\$ 500,101</u>
Depreciation	\$ 833,379	\$ 34,140	\$ 1,981	\$ 869,500	\$ 808,963	\$ 33,213	\$ 225	\$ 842,401
Amortization	17,400	4,027	-	21,427	13,285	2,288	-	15,573

Note 1: As of December 31, 2023 and 2022, the Corporation both had 288 and 287 employees, respectively. Among them, 13 and 14 directors did not serve concurrently as employees in 2023 and 2022, respectively.

Note 2: Additional disclosures are as follows:

1) Average employee benefit for the year ended December 31, 2023 was NT\$1,823 thousand (amounts of employee benefits for the year ended December 31, 2023 less amounts of remuneration of directors for the year ended December 31, 2023 divided by number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023)

Average employee benefit for the year ended December 31, 2022 was NT\$1,767 thousand (amounts of employee benefits for the year ended December 31, 2022 less amounts of remuneration of directors for the year ended December 31, 2022 divided by number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

2) Average salary for the year ended December 31, 2023 was NT\$1,574 thousand (amounts of salaries for the year ended December 31, 2023 divided by number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023)

Average salary for the year ended December 31, 2022 was NT\$1,526 thousand (amounts of salaries for the year ended December 31, 2022 divided by number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

3) Change of adjustments of average salaries was 3.1% (average salaries for the year ended December 31, 2023 less average salaries for the year ended December 31, 2022 divided by average salaries for the year ended December 31, 2022)

4) The Corporation does not have any supervisor.

Note 3: The Corporation's salary is based on a salary scale system. It adopts a position and responsibility system and refers to the salary market and the Corporation's financial status. Each position is arranged according to the complexity of work, the degree of responsibility, and the position and relationship in the organization. The salary standards for employees have been set and implemented after being reported to the board of directors for approval. The employees all work hard together, so when the Corporation has a surplus, the bonus is calculated based on the amount of surplus. The principle is that when the Corporation makes more, it shares more, and when the Corporation makes less, it shares less, which also combined the results of personal performance. Relevant measures have been established as the basis for bonus distribution.