

CHIA HSIN CEMENT CORPORATION

2022 ANNUAL REPORT



嘉新企業團
CHIA HSIN CEMENT GROUP



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1 Letter to Shareholders

Dear Shareholders,

In the year 2022, it was initially expected that the global economy would continue to recover. However, the military conflict that erupted between Russia and Ukraine in the first quarter caused a surge in global energy and raw material prices. Shortly after, China implemented strict control measures as it insisted on a zero policy due to the outbreak of the pandemic in the second quarter, which severely impacted the global supply chain again.

In view of the continuous rise in inflation in United States, the Federal Reserve (Fed) of the United States has been rapidly raising interest rates since March to suppress inflation and will also reduce its bond purchases starting from the second half of the year. This has caused increased volatility in the global financial markets, with non-US dollar currencies mostly depreciating significantly, and has also led to a sharp increase in imported inflation pressure in many countries.

In Taiwan, since the second quarter, the number of domestic pandemic cases began to increase, and the international economy was affected by the Russia-Ukraine war and China's epidemic control measures. The demand from the United States, Europe, and China has all clearly declined, and Taiwan's export growth has slowed down, with manufacturers becoming more conservative in their investments.

Although pandemic-related control measures have gradually been relaxed in the second half of the year, which has driven the recovery of the domestic demand economy. The sustained rise in oil, natural gas and coal prices, which has caused a significant increase in the cost of cement to the Company. Time lag to pass on the increase in the costs to the downstream, has had a considerable impact on the cement industry's profits throughout the year. As for the main business of warehousing and loading and unloading, the volume of inbound transshipment of coal dropped sharply at the beginning of the war between Russia and Ukraine, and has since recovered gradually, but has not yet reached the scale of previous years. Other construction materials such as cement, sand and gravel were not affected by the epidemic, and even showed a slight increase. In the future, we will closely monitor the changes in the volume of coal shipments and continue to strive for more bulk and miscellaneous cargoes to be unloaded. The real estate leasing business continued to grow due to the active development of customer sources. Finally, the tourism and health care service industry has been very challenging to operate in recent years due to the epidemic. However, with the gradual relaxation of related control measures and the lifting

of border closures by various countries, the business has gradually recovered, especially in Okinawa, Japan, where business and tourism activities are growing rapidly, and Hotel Collective's business has climbed significantly.

The ongoing development project of the Okinawa Toyosaki Hotel has been affected in the past few years by the impact of the COVID-19 pandemic. Moreover, due to labor shortages, lack of materials and excessive increases in construction material costs, the construction commencement schedule is delayed. Currently, Chia Hsin Cement Group (the Group) and InterContinental Hotels Group (IHG) are discussing the most effective design plans to ensure a competitive and profitable investment for the future of this project.

1. Results of Last Year's Business

The Company's consolidated operating revenue for the year 2022 was NTD 2,253,659,000 an increase of NTD 33,405,000 or 1.5% increase compared to NTD 2,220,254,000 for the year 2021. The consolidated net loss after tax for 2022 was NTD 173,886,000, the net loss attributable to owners of the Company was NTD 180,762,000. The Company's basic loss per share (after tax) was NTD 0.28.

(1) Main Production and Sales Distribution

1. **Sales of cement:** In 2022, the Company sold 360,000 metric tons of cement in Taiwan.
2. **Real estate leasing:** The Company's main revenue came from Chia Hsin Building, which has a comprehensive leasing rate of 96%.
3. **Storage and logistics:** The loading and unloading business of Taipei Port totaled 1.131 million metric tons of coal and 3.54 million metric tons of sandstones and other bulk cargoes.
4. **Hospitality service:** The operating revenue in 2022 was approximately NTD 450 million which includes revenue from Chia Hsin Ryukyu Hotel Collective and JAH Life Plus+.

(2) Budget Execution

Unit: NTD thousands

Item	2022 Actual	2022 Budget (Note)	Achievement Rate
Operating Revenue	2,253,659	2,464,536	91%
Operating Costs	2,121,073	2,363,363	90%
Gross Profit	132,586	101,173	131%
Operating Expenses	527,956	520,040	102%
(Loss) Profit from Operations	(395,370)	(418,867)	94%
Non-Operating Income and Expenses	274,068	379,659	72%
(Loss) Profit before Income Tax from Continuing Operations	(121,302)	(39,208)	-309%
Income Tax Expense	(52,584)	(28,643)	-184%

Item	2022 Actual	2022 Budget (Note)	Achievement Rate
Net (Loss) Profit for the Year	(173,886)	(67,851)	-256%
Net (Loss) Profit Attributable to Owners of the Company	(180,762)	(86,769)	-208%

Note: The budget is for internal use only. Financial forecast is not disclosed.

(3) Profitability Analysis (Note)

Item	2022	2021
Return on Assets	-0.10%	2.16%
Return on Equity	-0.73%	2.94%
Profit before Income Tax over Paid-In Capital	-1.57%	10.58%
Net Profit Margin	-7.72%	33.67%
Earnings per Share (after Tax) (NTD)	-0.28	1.02

Note: The above calculations are based on consolidated financial statements prepared under IFRS.

(4) Research and Development (R&D) Status

The Company operates on a cement product distribution model, and the other businesses such as warehousing, loading and unloading, real estate leasing, lodging, and healthcare are not applicable for R&D due to industry characteristics.

2.Impact of External Environment Changes and the Company's Future Development Strategy

Since the outbreak of the COVID-19 pandemic, various countries have gradually opened up based on their domestic vaccine coverage, severe case control rate, and various epidemic prevention workers and material conditions. Despite the continuous mutation of the virus, the situation has evolved towards "influenza-like" and "mild" development of the symptoms. However, the long-term and deep impact on the tourism industry during this period was unexpected for most businesses. In addition, the geopolitical risks triggered by the Russia-Ukraine war have led to economic risks such as inflation and energy option adjustments, as well as frequent extreme weather under current climate change, all of which are significant risks and challenges affecting operations. Therefore, identifying and managing operational risks and formulating contingency plans to continuously forge business resilience has become an urgent and serious issue.

In such a rapidly changing environment, in addition to actively responding appropriately, corporate groups are also deepening and integrating the framework of ESG into their operations to strengthen their competitiveness. After the establishment of the Sustainable Development Committee by the Company's board of directors at the end of 2021, the Company has targeted six United Nations sustainable development indicators that the Company can concentrate on for establishing a sustainable development blueprint to promote, develop, and extend four sustainable axes: responsible business, sustain-

able operation, strengthening partner relationships, and promoting social integration. Continuously identifying and responding to important issues of various stakeholders to achieve the goal of sustainable management.

The Company is transitioning to the hospitality industry, adopting a decentralized layout and diversified business model. Our existing related investments include: Hotel Collective in Okinawa, which is operated independently; the planned construction of the Okinawa Toyosaki Hotel, which will be operated by the internationally renowned IHG Group; and strategic investments such as A.Roma Hotel in Rome and the equity of L'Hotel De Chine Corporation (LDC) in Taiwan. In addition to geographical dispersion and different management methods to diversify risks, we will also draw on various practices and learn from each other to develop our own advantages and characteristics.

3. Summary of the Business Plan for 2023

As previously mentioned, the cement and warehousing businesses of the enterprise are expected to be slightly affected by market uncertainties in 2023. However, the leasing business is expected to increase its rental income in 2023 through the completion of the land improvement and the entry of new tenants in the Gangshan factory. As the epidemic situation improves and operations gradually improve, the tourism and healthcare service industry is expected to improve as well. The Company is cautiously optimistic about the development in 2023.

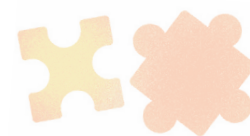
In addition, since the establishment of the Sustainable Development Committee at the end of 2021, the Company, under the supervision of the Board of Directors, has focused on six United Nations Sustainable Development Goals (SDGs): health and well-being, gender equality, quality education, decent work and economic growth, responsible consumption and production, and climate action during 2022. In 2023, we will continue to support the scholarships and various scholarship activities organized by the Chia Hsin Foundation, as well as to deepen employee care and concern, join related initiatives in response to the impact of climate change, and accelerate digital transformation. In addition, we are committed to deepening the disclosure of information through the new corporate website, revealing our commitment to transparent governance and information disclosure in order to achieve our goal of sustainable management and expand our influence in society.

Dear shareholders, the Company's 2022 operating results and future business plan are presented above. We thank you for all your support and welcome suggestions.



Jason K. L. Chang
Chairman

2 Company Profile



2.1 Date of Incorporation

The Company was established in December 1954 with an initial capital of NTD 24 million. As of now, the Company's paid-up capital is NTD 7,747,805,480.

2.2 Company History

- (1) The first production line of the Company's Gangshan plant began its operation in 1957. By 1980, four production lines were completed with total capacity of 2.2 million metric tons. Due to the government's suspension of limestone excavation on the west coast since 1997, the plant's production cost increased substantially. In 2002, the Company decided to discontinue cement production in Taiwan and switched to outsourcing to ensure operation stability.
- (2) Tong Yang Chia Hsin International Corporation, one of the Company's subsidiary, started construction of 45,000 metric tons capacity cement silos located at the Port of Taichung in 1990. The project was completed and commenced operation in October 1992 with annual turnover volume of 1.2 million metric tons.
- (3) The Company had conducted cement market analysis for both Southeast Asian and China markets in 1992, after extremely thorough considerations, it decided to concentrate on PRC investments in order to explore the highly potential emergent markets. With the government's approval, the Company's PRC investments began in 1993 and subsequently, completed investments in cement manufacturing, warehousing, transportation, concrete, building materials, and general trading businesses.
- (4) To facilitate the expansion of the Northern Taiwan cement market, the Company started the construction of 38,000 metric tons capacity cement silos located at the Port of Keelung in 1998, which was completed and commenced operation in August 1999 with annual turnover volume of 0.9 million metric tons.
- (5) For the purposes of corporate re-engineering, increasing competitiveness and achieving professional collaboration, the Company had spun-off its real-estate management and development business ("Real-Estate Business"), which can be operated independently, into its 100% owned subsidiary, Chia Hsin Property

Management & Development Corporation ("CHPMD"). All rights and obligations of the assets and liabilities of the Company's Real-Estate Business were assumed by CHPMD. According to the decision at the Company's Extraordinary Shareholders' Meeting on October 31, 2003, CHPMD issued equivalent value of common shares to exchange for the Real-Estate Business of the Company with net assets book value amounted to NTD 1,568,470 thousand, the date of the above spin-off was December 3, 2003. CHPMD was incorporated on December 15, 2003.

- (6) For the development of its logistics business, on December 29, 2006, the Company leased the East Wharf 13, 14 and 15 of the Taipei Port First Bulk Cargo Center from Keelung Harbor Bureau ("KHB"). Meanwhile, the Company committed to construct East Wharf 16 and its related offices, warehouses and transportation equipment. The main operation is handling and storage of coal, gravel, and bulk material. The project construction was completed with successful test run in June and July 2009, respectively. The operation license was granted by the Taipei County Government on November 25, 2009. Full operation began on December 11, 2009 also approved by KHB. This above operation center is managed by the Company's subsidiary, Chia Pei International Corp.
- (7) Early in 1993, the Company began to invest in cement manufacturing, storage and transportation in China. To expand the market, enhance the competitiveness, and become one of the large-scale cement groups with the most potential for development in Taiwan, Hong Kong and China, the Company exchange its equity interest in Chia Hsin Cement Greater China Holding Corporation ("CHCGC", a subsidiary which is listed in Hong Kong Exchanges and Clearing Limited "HKECL") for the interest of TCC International Holdings Limited ("TCCIH", a subsidiary of Taiwan Cement Corporation ("TCC"), which is listed in the HKECL) in June 2007. By integrating the two manufacturing facilities, abundant resources and sales network, it was possible for TCCIH to be one of the leaders in the Yangtze River Delta Region and the Pearl River Delta Region. As a result of the above equity swap, CHCGC de-listed from HKECL and Chia Hsin Pacific Limited, ("CHPL"), a subsidiary of the Company, in turn held 28.87% interest in TCCIH. TCCIH continued to expand its capacity by building new facilities and through mergers and acquisitions. TCCIH's regional scope of business covers Southern, Eastern, Southwest, and Northeast China, e.g. Guangdong, Guangxi, Jiangsu, Fujian, Guizhou, Sichuan, Chongqing, and Liaoning provinces, making it the largest cement manufacturer in South China.

In April 2017, TCC and its subsidiary TCC International Limited (hereinafter referred to as "TCCI") jointly proposed a public offer to privatize TCCIH through a "Scheme of Arrangement". The Company and its subsidiary CHPL, according to selectable options for privatized shareholders, chose to exchange shares held in TCCIH for the newly-issued ordinary shares of TCC. The share exchange process was completed in November 2017, and the Company and CHPL obtained 3,708,290 and 201,536,685 newly issued ordinary shares of TCC, respectively.

Considering the continuing investment strategy in the cement industry, simplifying the investment structure, and enhancing investment management, CHPL distributed all its TCC Shares from its profits and share premium account to its shareholders based on their percentage of shareholdings. After completion of the distribution, the Company and its subsidiary, Tong Yang Chia Hsin International Corp., together held approximately 258 million shares of TCC as of March 2018.

- (8) Since 2015, the Company focused on assets revitalization, investment, and development. The current focus is on hospitality businesses. Development progress is described as below:

Hotel

- ▶ **A.Roma Lifestyle Hotel:** Owns 40% of the A.Roma Lifestyle Hotel in Rome, Italy and was opened in October 2015.
- ▶ **Hotel Collective:** Located in the heart of Okinawa's Kokusai-dori, the Hotel Collective was completed in October 2019 and opened in January 2020.
- ▶ **InterContinental Okinawa Chura Sun Resort Project:** After the outbreak of COVID-19, it quickly spread to various parts of the world in 2020. The epidemic continued for several years and combined with the Russia-Ukraine War that broke out in 2022, resulting in labor shortages, material shortages, and excessive increases in building material costs, leading to the overall development schedule of the project being postponed. In response to the current changes in the environment, our company is actively discussing with our partner, InterContinental Hotels Group (IHG), to develop the most cost-effective design plan to ensure that the project remains competitive and has good investment benefits in the future.
- ▶ **LDC Hotels & Resorts:** At the end of 2020, the Company made a strategic investment in LDC Hotels & Resorts and owns 23.1%.

Healthcare

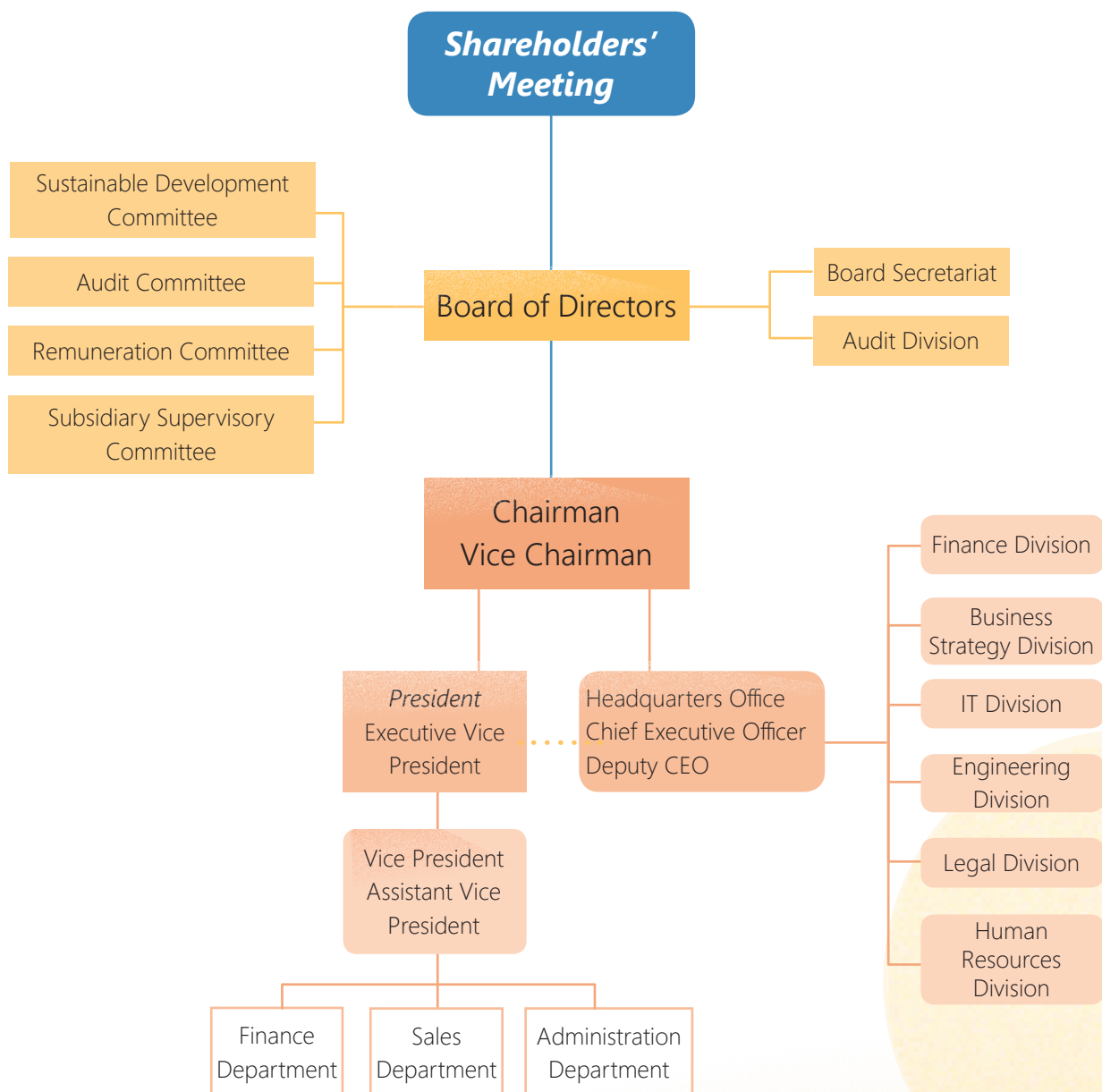
- ▶ **Gemcare Maternity Center:** The Gemcare Maternity Centers were conceived by Jaho Life+ Management Corp., Ltd., a subsidiary of the Company, in collaboration with professional nursing and healthcare teams. The Zhongshan Center was formally opened in early 2017, while Dunhua Center in the second quarter of 2020.
- ▶ **Maternity centers in mainland China:** In terms of the healthcare market in China, maternity centers were established in Jiangsu Province and formally operated in the fourth quarter of 2021.
- ▶ **Smart Ageing Tech Co., Ltd. (“Jubo”)** : In the Third quarter of 2021, the Company made an investment in Jubo, a software service company uses AI to assist long-term care. Future objective of Jubo is to “Expand into the overseas geriatric care market and strive towards smart homes. “The investment in Jubo is Chia Hsin Cement Group's (“the CHC”) first step into the geriatric care business and we hope to collaborate with Jubo further in the future.

3

Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart (Note)



Note: The above organization chart has been revised and approved by the Board of Directors on March 9, 2023, and has been in effect since April 1, 2023.

3.1.2 Major Corporate Functions

Department	Functions
Board Secretariat	<ul style="list-style-type: none"> ▶ Convene shareholders' meetings and Board of Directors meetings and arrange for the agenda and other relevant matters ▶ Submit proposals for the amendments of Articles of Incorporation of the Company and Corporate Governance related rules and regulations ▶ Manage affairs of the Group's shareholders' meetings and Board meetings and process and report Industrial & Commercial registration changes ▶ Supervise affairs of the Group's shareholders' meetings and Board meetings; monitor related risks and timely issue warnings
Audit Division	<ul style="list-style-type: none"> ▶ Carry out audits in accordance with the Internal Audit Implementation Regulations; keep records of audits and prepare audit reports ▶ Study Internal Audit Implementation Regulations; convene audit committee meetings and arrange the agenda ▶ Handle affairs related to operations of the subsidiary supervisory committee; monitor internal control related risks and timely issue warnings
Headquarters Office	<ul style="list-style-type: none"> ▶ Determining goals for group management through strategic research and development ▶ Operation performance assessment, integration, and overseeing project executions of each operational department ▶ Operational risks attention and warnings
Finance Division	<ul style="list-style-type: none"> ▶ Integrate and plan for the Group's overall financial resources ▶ Long-term financial planning; establish financial accounting systems and conduct studies for further improvements ▶ Support investment project evaluations; manage financial and investment risks; implement risk control mechanisms
Business Strategy Division	<ul style="list-style-type: none"> ▶ Investment evaluation, planning, analysis, design and execution of economic and market trend research ▶ Evaluation and assessment of risky financial assets, equity investment or short-term investment for the Group ▶ Investor Relations, Media and Public Relations
Engineering Division	<ul style="list-style-type: none"> ▶ Supervise and support all engineering and technical matters, quality control, maintenance, and production management ▶ Carry out major project construction and technology improvement; promote innovative research and development; formulate the Group's production management, research and development, and new product development policies ▶ Establish engineering related systems and supervise the implementation of related affairs
Human Resources Division	<ul style="list-style-type: none"> ▶ Formulate personnel regulations; safe keep personnel data and records; execute personnel related matters based on management decisions; convene Remuneration committee meetings and arrange the agenda ▶ Plan and establish human resource policies; propose the annual plan and budget for employee selection, training, recruitment, retention and relations ▶ Handle employees' labor, health and group insurance; manage employee attendance; handle employee salary; file personnel related reports to related authorities

Department	Functions
Legal Division	<ul style="list-style-type: none"> ▶ Provide legal opinions on legal issues within the Company's business scope; assist fellow divisions in handling relevant legal affairs ▶ Promote and provide training on legal issues for employees; supervise legal affairs of the Group ▶ 3Execute management assignments; monitor corporate legal risks and timely issue warnings
IT Division	<ul style="list-style-type: none"> ▶ Formulate short-term, mid-term and long-term information technology plans and strategies in accordance with the Company's development strategy and management requirements ▶ In charge of the up-to-date and overall integration of information system framework for the Company and its subsidiaries ▶ Handle all daily computer operations including file backup management, storage and information security; oversee and manage all information related risks of the Company's computer systems; support integration, planning, design or update of the Group's information systems
Sales Department	<ul style="list-style-type: none"> ▶ Conduct domestic and overseas market research; formulate sales strategies; propose and execute market expansion plans ▶ Handle orders for domestic sales and exports, sales change; collect receivables; responsible for the issuance, control and safekeeping of bills of lading; inventory management; shipment review and approval; after-sales service ▶ Execute management assignments and manage other operation and sales related risks
Finance Department	<ul style="list-style-type: none"> ▶ Implement the financial accounting system; prepare financial statements and analysis reports based on related procedures ▶ Conduct account auditing, reporting, tax related affairs, and fixed asset insurance, etc. ▶ Review and compile budgets; compare and analyze budget and actual performance; study, handle and offer suggestions for corporate tax affairs ▶ Planning and process of the Company's reporting matters stipulated by the government authority, Financial Supervisory Commission and its subordinate institutions, and follow up on these matters ▶ Review bills and receipts of fellow departments to ensure their compliance with the Company's rules and regulations
Administration Department	<ul style="list-style-type: none"> ▶ In charge of filing related tasks of the Group, maintenance and management of the bulletin boards ▶ Manage, maintain or repair the Group's office related machines, equipment and automobiles ▶ Plan and execute administrative management regulations and budget, manage petty cash, expenses and receipts ▶ Manage and identify risks of administrative and property related affairs or other assigned tasks ▶ Organize fire alarm and response teams and conduct fire drills and disaster response education and training ▶ Support the Group with overall administrative affairs

3.2 Directors and Management Team

3.2.1 Directors

1. Profile of Directors

Title (Note 1)	Nation- ality/ Place of Incor- poration	Name	Gender Age	Date Elected or Inaugu- rated	Term (Years)	Date First Elected (Note 2)	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children	
							Shares	%	Shares	%	Shares	%
Chairman	ROC	Jason K. L. Chang	M 51-60	6/ 14/ 2022	3	5/ 31/ 2001	4,808,396	0.62%	4,808,396	0.62%	4,477,000	0.58%
Director	ROC	Chi-Te Chen	M 61-70	6/ 14/ 2022	3	4/ 27/ 1988	692,955	0.09%	692,955	0.09%	0	0.00%

Insiders' shareholdings information as of 02/28/2023

	Shareholding by Nominee Arrangement		Experience & Education (Note 3)	Other Positions (JPR: Juridical Person Representative)	Executive, Directors, or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 4)
	Shares	%			Title	Name	Relation	
	1,035,000	0.13%	Master, Massachusetts Institute of Technology	Chairman of: <ul style="list-style-type: none"> YJ Int'l Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Construction Corp. (JPR) Tong Yang Chia Hsin Int'l Corp. Chia Hsin Foundation Taiwan Cement Manufacturers' Association Vice Chairman of: <ul style="list-style-type: none"> EPOCH Foundation Director of: <ul style="list-style-type: none"> Chia Pei Int'l Corp. (JPR) Chia Hsin Property Management & Development Corp. (JPR) Chia Hsin Business Consulting (Shanghai) Co., Ltd. (JPR) Shanghai Jia Huan Concrete Co., Ltd. (JPR) Shanghai Chia Hsin Ganghui Co., Ltd. (JPR) Chia Hsin Pacific Limited Effervesce Investment Pte. Ltd. Sparkview Pte. Ltd. Tong Yang Chia Hsin Marine Corp. (JPR) (also President) Taiwan Cement Corp. (JPR) 	-	-	-	-
	0	0.00%	MBA, University of California, Santa Clara	Chairman of: <ul style="list-style-type: none"> Chien Kuo Development Co., Ltd. Chien Hwei Investment Co. Ltd. Golden Canyon Venture Capital Investment Co., Ltd Golden Canyon II Venture Capital Investment Co., Ltd Rock Publishing International Chien Huei Cultural & Educational Foundation Chien Kuo Foundation for Arts And Culture. Vice Chairman of: <ul style="list-style-type: none"> Chien Kuo Construction Co., Ltd. Director of: <ul style="list-style-type: none"> Chia Hsin property Management & Development Corp, (JPR) China Real Estate Management Co., Ltd Taiwan Cement Corp. (JPR) Silver Shadow Holdings Co., Ltd. Golden Canyon Co., Ltd. Chien Kuo Asia Co., Ltd. 	-	-	-	-

Title (Note 1)	National- ality/ Place of Incor- poration	Name	Gender Age	Date Elected or Inaugu- rated	Term (Years)	Date First Elected (Note 2)	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children	
							Shares	%	Shares	%	Shares	%
Director	ROC	Tong Yang Chia Hsin International Corp.		6/ 14/ 2022	3	5/ 31/ 2001	127,370,320	16.44%	127,370,320	16.44%	0	0.00%
JPR of Tong Yang Chia Hsin Int'l Corp.	USA	Pan Howard Wei- Hao	M 41-50	6/ 14/ 2022	3	6/ 19/ 2013	0	0.00	0	0.00	0	0.00
JPR of Tong Yang Chia Hsin Int'l Corp.	ROC	I-Cheng Liu	M 51-60	6/ 14/ 2022	3	6/ 20/ 2013	0	0.00	0	0.00	0	0.00
Inde- pendent Director	ROC	Robert K. Su	M 61-70	6/ 14/ 2022	3	6/ 27/ 2016	0	0.00	0	0.00	0	0.00

	Shareholding by Nominee Arrangement		Experience & Education (Note 3)	Other Positions (JPR: Juridical Person Representative)	Executive, Directors, or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 4)
	Shares	%			Title	Name	Relation	
	0	0.00%	-	-	-	-	-	-
	0	0.00	Master of EE and MBA, Massachusetts Institute of Technology	Director of: <ul style="list-style-type: none"> Chia Hsin property Management & Development Corp, (JPR) Jaho Life Plus+ Management Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Construction Corp. (JPR) Chia Hsin Pacific Limited Effervesce Investment Pte. Ltd. Sparksvie Pte. Ltd. Cheng Yeh Chemical Works Ltd. (also President) Hao An Enterprise Co., Ltd. (JPR) Micro Tech Enterprise Co., Ltd. CFA Society of Taiwan Vice Chairman of: <ul style="list-style-type: none"> Chia Hsin Foundation 	-	-	-	-
	0	0.00	MBA, Wharton School of the University of Pennsylvania	Vice Chairman of: <ul style="list-style-type: none"> Pegatron Venture Capital Co., Ltd (also President) Director of : <ul style="list-style-type: none"> Taiwan Film & Audiovisual Institute Sunsino Innovation Technology Inc. Taiwan Cultural & Creativity Development Foundation Independent Director of : <ul style="list-style-type: none"> PlayNitride Inc. Pili International Multimedia Co., Ltd. Vice President of: <ul style="list-style-type: none"> Pegatron Venture Capital Co., Ltd.(also President) T1 LEAGUE Business Consultant: <ul style="list-style-type: none"> CTBC Bank 	-	-	-	-
	0	0.00	Ph. D., Accounting Louisiana State University	<ul style="list-style-type: none"> Independent Director, DBS Bank (Taiwan) Ltd Independent Director, Ta-Yuan Cogen Co., Ltd. Consultant, Chien Kuo Construction Co., Ltd. Supervisor, Shun Long International Electrical Engineering Co., Ltd. 	-	-	-	-

Title (Note 1)	National- ality/ Place of Incor- poration	Name	Gender Age	Date Elected or Inaugu- rated	Term (Years)	Date First Elected (Note 2)	Shareholding When Elected		Current Shareholding		Current Shareholding of Spouse & Minor Children	
							Shares	%	Shares	%	Shares	%
Inde- pendent Director	ROC	Pao- Chu Lin	F 61-70	6/ 14/ 2022	3	6/ 14/ 2022	0	0.00	0	0.00	0	0.00
Inde- pendent Director	ROC	Kevin Kuo-I Chen	M 61-70	6/ 14/ 2022	3	6/ 14/ 2022	0	0.00	0	0.00	0	0.00

The term of boards was from June 21, 2019 to June 14, 2022 and a new election was held at the shareholders' meeting on June 14, 2022.

Inde- pendent Director	ROC	Chia- Shen Chen	F 61-70	6/ 21/ 2019	3	6/ 19/ 2022	0	0.00	0	0.00	0	0.00
Inde- pendent Director	ROC	Kuan- Ming Chen	M 51-60	6/ 21/ 2022	3	6/ 19/ 2013	0	0.00	0	0.00	0	0.00

Note 1: For institutional shareholder, the name of the institution and its representatives are listed separately. Additional information should be provided as following table for the institutional shareholder.

Note 2: State the first date the person served as director or supervisor, and provide explanation for discontinuity.

Note 3: If any of the current and past experiences involve positions in the auditing CPA firm or its affiliates, details for the person's title and responsibilities shall be provided.

	Shareholding by Nominee Arrangement		Experience & Education (Note 3)	Other Positions (JPR: Juridical Person Representative)	Executive, Directors, or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 4)
	Shares	%			Title	Name	Relation	
	0	0.00	Master of Business Administration,, National Taiwan University	None	-	-	-	-
	0	0.00	Master of Law New York University	<ul style="list-style-type: none"> • Vice President and Adjunct Professor, National Taiwan Sport University • Adjunct Professor, University of Taipei • Chairman, Finance Committee, and Executive Board Member, Olympic Council of Asia 	-	-	-	-
	0	0.00	Ph.D., Psychology, National Taiwan University	<ul style="list-style-type: none"> • Professor, Graduate Institute of Business Administration, College Management, NTU • Independent Director of Yue Yuen Industrial (Holdings) Limited (Hong Kong) • Member of Taiwan Power Company Promotional Development Committee 	-	-	-	Resigned
	0	0.00	BBA, University of Southern California	Chairman of : <ul style="list-style-type: none"> • Ladybees International Limited Representative of: <ul style="list-style-type: none"> • Shanghai Zhen Wang Management Consulting Co., Ltd. 	-	-	-	Resigned

Note 4: If the chairman and the president or person of equivalent duties (the top manager) are the same person or spouse or first kinship relatives of each other, reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and there should be more than half of the directors who are not part-time employees or managers of the Company etc.) shall be provided.

Table 1 Major Shareholders of the Company's Institutional Shareholders

As of 08/10/2022: the ex-dividend date

Institutional Shareholders	Major Shareholders
Tong Yang Chia Hsin International Corporation	Chia Hsin Cement Corporation (87.18%)
	Chia Hsin Construction & Development Corporation (10.41%)
	Chia Min Corporation (0.52%)
	Sung Ju Investment Corporation (0.42%)
	Ju-Ping Chang (0.25%)
	Yung-Ping Chang (0.22%)
	Chung-Lien Chung (0.19%)
	International Chia Hsin Corporation (0.16%)
	Nelson An-Ping Chang (0.12%)
	Robert C.K. Wang (0.11%)

Note 1: If directors or supervisors are representatives of institutional shareholders, name of the institutional shareholders shall be filled in.

Note 2: Fill in the major shareholders whose shareholdings account for the top ten of the institutional shareholders and their shareholding ratio. If the major shareholder is an institution, the following table 2 shall be provided.

Note 3: If the institutional shareholders are not company organization, the names and shareholding ratios to be disclosed shall be the names of the investors or donors and shareholding ratios shall be the investment or donation ratios.

Note 4: Above disclosure information has been provided by respective institutional shareholders.

Table 2 Major Shareholders of the Institutional Shareholders in Table 1

As of 08/10/2022: the ex-dividend date

Name of Institutional Shareholders	Major Shareholders
Chia Hsin Cement Corporation	Tong Yang Chia Hsin International Corporation (16.44%)
	Sung Ju Investment Corporation (8.88%)
	Yung-Ping Chang (5.39%)
	Taiwan Cement Corporation (3.54%)
	Ta-Ho Maritime Corporation (3.33%)
	Nutri Vita Inc. (2.23%)
	Chia Hsin Foundation (1.92%)
	International Chia Hsin Corporation (1.89%)
	Guo-Huei Gu (1.74%)
	Chia Hsin R.M.C. Corporation (1.70%)

Note 1: If the major shareholder in the above table 1 is an institutional shareholder, the name of the institutional shareholders shall be filled in.

Note 2: Specify the major shareholders whose shareholdings account for the top ten of the institutional shareholder and their shareholding ratio.

Note 3: If the institutional shareholders are not company organization, the names and shareholding ratios to be disclosed shall be the names of the investors or donors and shareholding ratios shall be the investment or donation ratios.

Note 4: Above disclosure information has been provided by respective institutional shareholders.

2. Directors' Information

(1) Board Independence and Qualifications

Condition Name (Note 1)	Professional qualifications and work experience (Note 1)	Independence criteria (Note 2)	Number of other public companies in which the individual is con- currently serving as an Independent Director
Jason K. L. Chang	<ol style="list-style-type: none"> Mr. Jason K. L. Chang has extensive leadership experience in the cement industry, construction industry, Hotels & Lodging services and serves as Director of Taiwan Cement Corp., Director of Chia Hsin Property Management & Development Corp., Chairman of YJ Int'l Corp, etc. Not been involved in any of the situations defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Serving as the Chairman of the Company and Chairperson of the Sustainable Development Committee. Not a spouse or a relative within the second degree of kinship to any director. Not an employee of the Company; not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to any director of the Company or any of its affiliates. 	0
Chi-Te Chen	<ol style="list-style-type: none"> Mr. Chi-Te Chen has extensive leadership experience in the engineering construction industry and serves as Vice Chairman of Chien Kuo Construction Co., Ltd., Director of Chia Hsin Property Management & Development Corp., etc. Not been involved in any of the situations defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Serving as the Director of the Company. Not a spouse or a relative within the second degree of kinship to any director. Not an employee of the Company; not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to any director of the Company or any of its affiliates. 	0
Pan Howard Wei-Hao	<ol style="list-style-type: none"> Mr. Pan Howard Wei-Hao is an expert in the health industry and construction industry and serves as Director of Jaho Life Plus+ Management Corp., Director of Chia Hsin Property Management & Development Corp., etc. Not been involved in any of the situations defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Serving as the Director of the Company and the member of the Sustainable Development Committee. Not a spouse or a relative within the second degree of kinship to any director. Not an employee of the Company; not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to any director of the Company or any of its affiliates. 	0
I-Cheng Liu	<ol style="list-style-type: none"> Mr. I-Cheng Liu has extensive experience in international investment banking and financial technology industry, currently serves as director of Taiwan Film & Audiovisual Institute, director of Sunsino Innovation Technology Inc., independent director of PlayNitride Inc and PiliInternational Multimedia Co., Ltd., and served as the former CEO of Next Bank, the CTO of CTBC Holding, etc. Not been involved in any of the situations defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Serving as the Director of the Company. Not a spouse or a relative within the second degree of kinship to any director. Not an employee of the Company; not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship to any director of the Company or any of its affiliates. 	1

<div>Condition</div> <div>Name (Note 1)</div>	<div>Professional qualifications and work experience (Note 1)</div>	<div>Independence criteria (Note 2)</div>	<div>Number of other public companies in which the individual is concurrently serving as an Independent Director</div>
Robert K. Su	<ol style="list-style-type: none"> Mr. Robert K. Su is a prominent accounting scholar with extensive experience in intangible assets and enterprise evaluation practice and serves as the Independent Director of DBS Bank (Taiwan) Ltd and the former Dean of NCCU College of Commerce. Not been involved in any of the situations defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Serving as the Independent Director of the Company, the chairperson of the Remuneration Committee and the member of the Audit Committee as well as the Sustainable Development Committee. Meet the criteria of Independent Director and not elected on behalf of a governmental or juridical person or its representative. Independent Director with no material connection two years prior to being elected, either directly or indirectly, to the Company or the dissenting significant shareholder and not an employee of the Company or any of its affiliates, not a director or supervisor of the Company or any of its affiliates, not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings etc. 	2
Pao-Chu Lin	<ol style="list-style-type: none"> Ms. Pao-Chu Lin has expertise in accounting and risk management and serves as a practicing accountant and as a consultant to the Chairman/CEO Office at KPMG. Not been involved in any of the situations defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> Serving as the Independent Director of the Company, the chairperson of the Audit Committee and the member of the Remuneration Committee. Meet the criteria of Independent Director and not elected on behalf of a governmental or juridical person or its representative. Independent Director with no material connection two years prior to being elected, either directly or indirectly, to the Company or the dissenting significant shareholder and not an employee of the Company or any of its affiliates, not a director or supervisor of the Company or any of its affiliates, not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings etc. 	0

<div>Condition</div> <div>Name (Note 1)</div>	<div>Professional qualifications and work experience (Note 1)</div>	<div>Independence criteria (Note 2)</div>	<div>Number of other public companies in which the individual is currently serving as an Independent Director</div>
Kevin Kuo-I Chen	<ol style="list-style-type: none"> 1. Mr. Kevin Kuo-I Chen has a strong background in law, business, and international affairs, both professionally and in practice and serves as Vice President of National Taiwan Sport University and Advisor to Finance Committee, Olympic Council of Asia General Assembly. 2. Not been involved in any of the situations defined in Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Serving as the Independent Director of the Company the member of the Audit Committee and the Sustainable Development Committee. 2. Meet the criteria of Independent Director and not elected on behalf of a governmental or juridical person or its representative. 3. Independent Director with no material connection two years prior to being elected, either directly or indirectly, to the Company or the dissenting significant shareholder and not an employee of the Company or any of its affiliates, not a director or supervisor of the Company or any of its affiliates, not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings etc. 	0

(2) Board Diversity and Independence

The Management Goals of Board Diversity Policy

The Company's Board is comprised of a diverse group of professionals from different backgrounds in industries, academic expertise and aims to strengthen women's participation in decision-making:

1. Directors shall possess at least one member with professional qualifications in accounting or law, respectively.
2. Directors shall include at least one single gender (female) director.
3. Directors shall have at least two in each of the diversified fields include but not limited to financial accounting, legal affairs, investment and mergers and acquisitions, risk management, human resource and operational management, health living and lodging services, information technology, sustainable development and global market perspective, etc.

The Implementation of Board Diversity Policy

The Company's Board consists of seven directors, including three independent directors, director election method is in accordance with Article 192-1 of the Company Act

in which directors are elected by the shareholders in the Annual General Meeting of the Shareholders from a nominee list. Board meetings are held at least once every quarter. In the case of emergency, a Board meeting may be convened at any time.

At present, the Board of Directors comprises six male directors and one female director, with one director in the 41-50 age group and six directors in the 51 years-old or above, with 1 member holding a doctorate degree and 6 members holding master's degree. The composition of the board is diversified with different professional experiences and backgrounds enhancing the decision-making process.

1. Chairman Mr. Jason K. L. Chang has extensive leadership experience in the cement industry, construction industry, Hotels & lodging services, and is familiar with the businesses of the Group.
2. Director Mr. Chi-Te Chen has extensive leadership experience in engineering construction industry and is familiar with the businesses management.
3. Director Mr. Pan Howard Wei-Hao, an expert in the health industry and construction industry.
4. Director Mr. I-Cheng Liu is a renowned banker with extensive experience in international investment banking and financial technology industry.
5. Independent Director Mr. Robert K. Su is a prominent accounting scholar with extensive experience in intangible assets and enterprise evaluation as well as administrative practice.
6. Independent Director Ms. Pao-Chu Lin is formerly a practicing accountant with expertise in auditing, risk management, internal auditing, and compliance.
7. Independent Director Mr. Kevin Kuo-I Chen has a strong background in legal-related fields and in the sports industry, both professionally and in practice.

Professions of these seven directors include commerce, cement industry, construction industry, hotels & lodging services, financial business, auditing, risk management, law, health industry and information technology. The Board as a whole possesses various knowledge, skills and literacy to perform duties. Chairman of the Board has ample experience in business management and operational judgments and the ability to lead the Company to obtain the largest interest for the shareholders.

Board Diversity

Title	Name	Diversified Capabilities							
		Accounting, Finance and Legal Affairs	Risk Management	Business Management	Global Marketing	Investment and M&A	Hospitality Services	Information Technology	Sustainability Management
Chairman	Jason K. L. Chang	✓	✓	✓	✓	✓	✓	✓	✓
Director	Chi-Te Chen	✓	✓	✓	✓	✓			✓
	Pan Howard Wei-Hao	✓	✓	✓	✓	✓		✓	✓
	I-Cheng Liu	✓	✓	✓	✓	✓		✓	✓
Independent Director	Robert K. Su	✓	✓	✓	✓	✓			✓
	Pao-Chu Lin	✓	✓	✓	✓	✓			✓
	Kevin Kuo-I Chen	✓	✓	✓	✓				✓

Board Independence

1. Three directors are independent, around 43% of all directors.
2. Separation of duties of the Chairman and the President or equivalent positions and not a spouse or a relative within the first degree of kinship to any director.
3. Board members are elected through nomination and all directors, including Independent Directors, are not been involved in any of the situations defined in Article 26-3 of the Securities and Exchange Act.
4. All directors, including Independent Directors, are not a spouse or a relative within the second degree of kinship to any director.

Note 1: Professional qualifications and experience: To clarify the professional qualifications and experience of individual directors and supervisors, if the director also serves as a member of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience shall be illustrated, and further show the reason that not been involved in any of the situations defined in Article 30 of the Company Act.

Note 2: Independent directors shall be illustrated the independent condition, including but not limited to whether not a spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; not a natural-person shareholder who holds shares, together with those held by the person's spouse or held by the person under others' names; not a director, supervisor, officer of a specified company or institution that has a relationship with the company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the compensation information two years prior to providing services of the business, legal, financial, accounting to the Company of its affiliates.

3.2.2 Management Team

Profile of President, Vice President and Other Managers

Title (Note 1)	Nationality	Name	Gender	Elective Date	Current Shareholdings (Note 4)		Current Share- holdings of Spouse & Minor Children		Shareholdings by Nominee Arrangement	
					Shares	%	Shares	%	Shares	%
President Also CEO of Headquarters Office and Chief Sustainability Officer, Chief Officer of Corporate Governance	ROC	Li-Hsin Wang	F	7/12/2022 7/11/2019 12/14/2021 07/11/2019	310,613	0.04%	0	0.00%	0	0.00%
Human Resources Vice President	ROC	Wen- Wan Chen	F	06/06/2022	0	0.00%	0	0.00%	0	0.00%
Manager Also Financial Office	ROC	Jane Y. C. Chou	F	7/5/2013	118,325	0.02%	0	0.00%	0	0.00%
Assistant Manager Also Accounting Officer	ROC	Mars Feng	M	7/11/2019	44,000	0.01%	2,000	0.00%	0	0.00%
Former President Chih-Chu Chi resigned on July 13, 2022.										
President	ROC	Chih-Chu Chi	M	4/1/2015	177,415	0.03%	0	0.00%	0	0.00%

Note 1: Shall include profiles of President, Executive Vice President, Vice President, Department Heads, or any other equivalent positions within the Company.

Note 2: If any of the current and past experiences involve positions in the auditing CPA firm or its affiliates, details of the person's title and responsibilities shall be provided.

Insiders' shareholdings information as of 02/28/2023

	Experience & Education (Note 2)	Other position (JPR: Juridical Person Representative)	Managers Who are Spouses or Within Two Degree of Kinship			Remarks (Note3)
			Title	Name	Relation	
	MBA Waseda University	Chairman of: <ul style="list-style-type: none"> Jaho Life Plus+ Management Corp. (JPR) Chia Hsin Pacific Limited Director of: <ul style="list-style-type: none"> YJ Int'l Corp. (JPR) Chia Pei Int'l Corp. (JPR) Tong Yang Chia Hsin Int'l Corp. (JPR) Chia Hsin Business Consulting (Shanghai) Co., Ltd. (JPR) Shanghai Chia Hsin Ganghui Co., Ltd. (JPR) Shanghai Chia Peng Health care Management Consulting Co., Ltd. (JPR) Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd. (JPR) Effervesce Investment Pte. Ltd. Sparkview Pte. Ltd. Tong Yang Chia Hsin Marine Corp. (JPR) LDC ROME HOTELS S.R.L CHC Ryukyu COLLECTIVE KK Executive Officer of: <ul style="list-style-type: none"> CHC Ryukyu Development GK Supervisor of: <ul style="list-style-type: none"> Chia Hsin Property Management & Development Corp. (JPR) Chia Sheng Development Corp. (JPR) Bluesky Co., Ltd. (JPR) 	-	-	-	-
	Master of Communication, Washington State University	None	-	-	-	-
	Dept. of Industrial Management, National Taiwan University of Science & Technology	Supervisor of: <ul style="list-style-type: none"> YJ Int'l Corp. Chia Pei Int'l Corp. (JPR) Jaho Life Plus+ Management Corp. (JPR) Chuang Neng Technology Co., Ltd (JPR) Corporate Auditor of: <ul style="list-style-type: none"> CHC Ryukyu COLLECTIVE KK 	-	-	-	-
	Dept. of Accounting, Tamkang University	None	-	-	-	-
	Dept. of Finance, China University of Technology	Chairman of: <ul style="list-style-type: none"> Chia Hsin Property Management & Development Corp. (JPR) Director of: <ul style="list-style-type: none"> Tong Yang Chia Hsin Int'l Corp. (JPR), also President Chia Pei Int'l Corp. (JPR) Bluesky Co., Ltd. (JPR) Chia Sheng Development Corp. (JPR) Tong Yang Chai Hsin Marine Corp. (JPR) Shanghai Jia Huan Concrete Co., Ltd. (JPR) Jiangsu Jiaguo Construction Material & Storage Co., Ltd. (JPR) Jiangsu Chia Hsin real Estate Co., Ltd. (JPR) - 	-	-	-	Resigned

Note 3: Where the chairman of the Company and the president or person of equivalent post (the highest level manager) are the same person, spouse, or relatives within the first degree of kinship of each, the reason for, reasonableness, necessity thereof, and measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of the directors must not concurrently serve as employees or managers) must be disclosed.

3.3 Remuneration of Directors, President, and Vice President

3.3.1 Remuneration of Directors and Independent Directors

Remuneration of Directors and Independent Directors

Title		Name	Remuneration								
			Base Compensation (A)		Severance/ Pension (B)		Directors Compensation (C)		Allowances (D)		
			The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	
Director	Chairman	Jason K. L. Chang	18,739	19,618	0	0	0	342	864	912	
	Director	Chi-Te Chen	13,979	13,979	0	0	0	0	64	112	
	Director	Pan Howard Wei-Hao (Note 1)	1,105	1,105	0	0	0	0	64	112	
	Director	I-Cheng Liu (Note 1)	1,105	1,105	0	0	0	0	64	64	
Independent Director	Independent Director	Robert K. Su	1,350	1,350	0	0	0	0	64	64	
	Independent Director	Pao-Chu Lin (Note 2)	850	850	0	0	0	0	40	40	
	Independent Director	Kevin Kuo-I Chen (Note 2)	850	850	0	0	0	0	40	40	
	Independent Director	Chia-Shen Chen (Note 3)	550	550	0	0	0	0	24	24	
	Independent Director	Kuan-Ming Chen (Note 3)	550	550	0	0	0	0	8	8	

- The directors' remuneration policy, criteria, standards, structure, and the relation between the amount of remuneration and the responsibilities, risks, time devoted and other factors are stated as follows :
 - Remuneration of Chairman and Directors is based on Articles of Incorporation of the Company.
 - The Company's Articles of Incorporation stipulates that the provision of annual profit as compensation to Directors should not be higher than 3%.
 - Payment of remuneration to Directors shall follow the Company's regulations for the distribution and payment of remuneration to Directors.

Note 1: Representative of Tong Yang Chia Hsin Int'l Corp.

Note 2: Became the new independent director on June 14, 2022.

Note 3: Resigned as an independent director on June 14, 2022.

Unit: NTD thousands

	Total Remuneration (A+B+C+D) and Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Remuneration from Non- Consolidated Affiliates or from the Parent Company
			Salary, Bonuses and Allowances (E)		Severance/ Pension (F)		Employee Compensation (G)						
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
							Cash	Stock	Cash	Stock			
	19,603 -10.84%	20,872 -11.55%	0	0	0	0	0	0	0	0	19,603 -10.84%	20,872 -11.55%	0
	14,043 -7.77%	14,091 -7.80%	0	0	0	0	0	0	0	0	14,043 -7.77%	14,091 -7.80%	0
	1,169 -0.65%	1,217 -0.67%	0	1,120	0	0	0	0	0	0	1,169 -0.65%	2,337 -1.29%	0
	1,169 -0.65%	1,169 -0.65%	0	0	0	0	0	0	0	0	1,169 -0.65%	1,169 -0.65%	0
	1,414 -0.78%	1,414 -0.78%	0	0	0	0	0	0	0	0	1,414 -0.78%	1,414 -0.78%	0
	890 -0.49%	890 -0.49%	0	0	0	0	0	0	0	0	890 -0.49%	890 -0.49%	0
	890 -0.49%	890 -0.49%	0	0	0	0	0	0	0	0	890 -0.49%	890 -0.49%	0
	574 -0.32%	574 -0.32%	0	0	0	0	0	0	0	0	574 -0.32%	574 -0.32%	0
	558 -0.31%	558 -0.31%	0	0	0	0	0	0	0	0	558 -0.31%	558 -0.31%	0

(4) Authorize the Board of Directors to pay a fixed monthly compensation based on the level of independent directors' participation in and contribution to the Company's operation and referenced to industry average. Attendance allowances are based on numbers of meeting attended. Additional year end pays is based on responsibilities and individual performance.

2. In addition to the disclosure in the above table, the amount received by the Directors of the Company from providing services (such as acting as non-employee consultants, etc.) to all companies in the consolidated financial statements for the past year: None.

Range of Remuneration

Range of Remuneration for Directors of the Company	Name of Directors	
	Total of (A+B+C+D)	
	The Company	Companies in the Consolidated Financial Statements
Less than NTD 1,000,000	Pao-Chu Lin, Kevin Kuo-I Chen, Chia-Shen Chen, Kuan-Ming Chen	Pao-Chu Lin, Kevin Kuo-I Chen, Chia-Shen Chen, Kuan-Ming Chen
NTD 1,000,000 ~ NTD 1,999,999	Pan Howard Wei-Hao, I-Cheng Liu, Robert K. Su	Pan Howard Wei-Hao, I-Cheng Liu, Robert K. Su
NTD 2,000,000 ~ NTD 3,499,999		
NTD 3,500,000 ~ NTD 4,999,999		
NTD 5,000,000 ~ NTD 9,999,999		
NTD 10,000,000 ~ NTD 14,999,999	Chi-Te Chen	Chi-Te Chen
NTD 15,000,000 ~ NTD 29,999,999	Jason K. L. Chang	Jason K. L. Chang
NTD 30,000,000 ~ NTD 49,999,999		
NTD 50,000,000 ~ NTD 99,999,999		
Greater than or equal to NTD 100,000,000		
Total	9	9

3.3.2 Remuneration of President and Vice President

Remuneration of President and Vice President

Title	Name	Salary(A)		Severance/ Pension(B)	
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
President Also CEO of Headquarter Office ,Chief Sustainability Officer and Chief Officer of Corporate Governance	Li-Hsin Wang	3,323	3,323	0	0
President (Note 1)	Chih-Chu Chi	1,651	1,651	0	0
Vice President (Note 2)	Wen-Wan Chen	1,776	1,776	0	0

Note 1: Former President Chih-Chu Chi resigned from office on July 13, 2022.

Note 2: Wen-Wan Chen was newly appointed as Vice President on June 6, 2022,

Name of Directors		
	Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the Consolidated Financial Statements
	Pao-Chu Lin, Kevin Kuo-I Chen, Chia-Shen Chen, Kuan-Ming Chen	Pao-Chu Lin, Kevin Kuo-I Chen, Chia-Shen Chen, Kuan-Ming Chen
	Pan Howard Wei-Hao, I-Cheng Liu, Robert K. Su	I-Cheng Liu, Robert K. Su
		Pan Howard Wei-Hao
	Chi-Te Chen	Chi-Te Chen
	Jason K. L. Chang	Jason K. L. Chang
	9	9

Unit: NTD thousands

	Bonus and Allowances(C)		Employee Compensation (D)				Total Compensation (A+B+C+D) and Ratio to Net Income (%)		Remuneration from Non-consolidated Affiliates or from the Parent Company
	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the consolidate financial statements		The Company	Companies in the Consolidated Financial Statements	
			Cash	Stock	Cash	Stock			
	1,135	1,618	0	0	0	0	4,458 -2.47%	4,941 -2.73%	None
	181	643	0	0	48	0	1,832 -1.01%	2,342 -1.30%	None
	295	295	0	0	0	0	2,071 -1.15%	2,071 -1.15%	None

Range of Remuneration

Range of Remuneration for President and Vice President of the Company	Name of President and Vice President	
	The Company	Companies in the consolidated financial statements(E)
Less than NTD 1,000,000		
NTD 1,000,000 ~ NTD 1,999,999	Shih-Chu Chi	
NTD 2,000,000 ~ NTD 3,499,999	Wen-Wan Chen	Wen-Wan Chen , Shih-Chu Chi
NTD 3,500,000 ~ NTD 4,999,999	Li-Hsin Wang	Li-Hsin Wang
NTD 5,000,000 ~ NTD 9,999,999		
NTD 10,000,000 ~ NTD 14,999,999		
NTD 15,000,000 ~ NTD 29,999,999		
NTD 30,000,000 ~ NTD 49,999,999		
NTD 50,000,000 ~ NTD 99,999,999		
Greater than or equal to NTD 100,000,000		
Tota	3	3

Name of Managers who allocated employee compensation and the details of the distribution: The Company did not distribute any employee compensation this year.

3.3.3 Remuneration of the Top Five Highest-Paid Executives

Remuneration of the Top Five Highest-Paid Executives

Title	Name	Salary (A)		Severance/ Pension (B)		Bonus and Allowances (C)	
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Chairman	Jason K. L. Chang	18,739	18,739	0	0	864	1,791
President Also CEO of Headquarter Office ,Chief Sustainability Officer and Chief Officer of Corporate Governance	Li-Hsin Wang	3,323	3,323	0	0	1,135	1,618
President (Note 1)	Chih-Chu Chi	2,298	3,098	0	0	231	1,183
Vice President (Note 2)	Wen-Wan Chen	1,776	1,776	0	0	295	295
Special Assistant	Hua-Chou Huang	1,596	1,596	0	0	316	751

Note 1: Former President Chih-Chu Chi resigned from office on July 13, 2022.

Unit: NTD thousands

	Employee Compensation (D)				Total Compensation (A+B+C+D) and Ratio to Net Income (%)		Remuneration from Non-consolidated Affiliates or from the Parent Company
	The Company		Companies in the consolidate financial statements		The Company	Companies in the consolidate financial statements	
	Cash	Stock	Cash	Stock			
	0	0	0	0	19,603 -10.84%	20,530 -11.36%	None
	0	0	0	0	4,458 -2.47%	4,941 -2.73%	None
	0	0	127	0	2,529 -1.40%	4,408 -2.44%	None
	0	0	0	0	2,071 -1.15%	2,071 -1.15%	None
	0	0	0	0	1,912 -1.06%	2,347 -1.30%	None

Note 2: Wen wan Chen was newly appointed as Vice President on June 6, 2022,

3.3.4 Comparative Descriptions and Ratio Analysis of Total Remuneration Paid by the Company and by All Companies included in the Consolidated Financial Statements for the Past Two Years to Directors (including independent Directors), President, and Vice President, to the Net Income, including Remuneration Policies, Criteria, and Composition.

Total Remuneration Paid to Directors, President, and Vice President as a Percentage to Net Income for the Past Two Years

Year	Total Remuneration paid to Directors, President and Vice President (NTD thousands)		Ratio of Total Remuneration Paid to Directors, President and Vice President to Net Income (%) (Note 1)	
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
2021	60,118	67,325	9.14%	10.23%
2022	48,671	52,150	-26.93%	-28.85%

Note 1: Net Income after Tax refers to that stated in the Parent Company only financial statement of the fiscal year based on IFRS.

The Company's Remuneration Policies and Criteria

- Article 26 of the Company stipulates that if there is a profit in the current year, 0.01 percent to 3 percent of the profits shall be allocated as employees' compensation, and not more than 3 percentage as board of directors' compensation. If there are accumulated losses, the amount shall be reserved for covering previous losses, and the amount left will then be distributed as compensation.
- Remuneration of the Company's directors is in accordance with the provisions of the Company's Articles of Incorporation and linked to the performance, where the performance is evaluated based on six factors in the Board of Directors' Performance Evaluation Regulations: Implementation of the Company targets and goals, knowledge on the role for the board of directors, participation in the Company's operation, internal communication, professional capability and continuous improvement, and internal control. Distribution of remuneration shall be reviewed by the Compensation Committee, submitted to the Board of Directors for approval, and reported at the shareholders' meeting.

3. Remuneration of President and Executive Vice President is based on their individual capabilities, contribution to the Company's operation, performance, market value of the position, and the Company's future operation risks consideration, and shall be reviewed by the Compensation Committee and submitted to the Board of Directors for approval. Based on the Company's regulations governing performance management and distribution of year end bonus, the performance evaluation mentioned above should have at least five factors in assessment, including authorities and Responsibilities, Performance Achieve Rate, Leading Change, Positive Thinking, and Building Partnership, while the calculation of year end bonus is based on multiple factors of Job Title, Evaluation, Operation, or Others. The Company's policies and standards for the remuneration of President and Executive Vice President takes into consideration of both personal performance and the Company's operating condition, so as to achieve the purpose of sustainable development.
4. Distribution of the directors' remuneration approved by the board of directors shall be limited to those who with directorship on the day the directors' remuneration is paid. However, directors who have not been re-elected due to re-election may still receive pro rata distributions based on their term of office.
5. Remuneration is based on the overall operation and profitability of the Company, which is positively related to the Company's operation performance. It minimizes the probability and correlation of future risks and strives to balance sustainability with risk control under the specification of laws and the Company's Articles of Incorporation.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

1. Operation of the Board of Directors

(1) A total of 10 (A) (Note 3) meetings of the Board of Directors were held in the most recent year. The attendances of Directors and Independent Directors were as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note 2)	Remarks
Chairman	Jason K.L. Chang	10	0	100%	
Director	Chi-Te Chen	10	0	100%	
Director	Tong Yang Chia Hsin Int'l Corp. Representative: Pan Howard Wei-Hao	10	0	100%	-
Director	Tong Yang Chia Hsin Int'l Corp. Representative: I-Cheng Liu	10	0	100%	
Independent Director	Robert K. Su	10	0	100%	
Independent Director	Pao-Chu Lin	7	0	100%	Newly elected on 06/14/2022
Independent Director	Kevin Kuo-I Chen	7	0	100%	
Independent Director	Chia-Shen Chen	3	0	100%	Resigned on 06/14/2022
Independent Director	Kuan-Ming Chen	1	2	33%	

Other matters required to be recorded:

1. When one of the following situations occurred to the operations of the Board, state the date and term of the Board meeting, content of proposals, opinions of all Independent Directors and the Company's actions in response to the opinions of the Independent Directors:

- (1) Matters included in Article 14-3 of the Securities and Exchange Act: The regulations from Article 14-3 are not applicable since the Company has already established an Audit Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see 3.4.2 Operations of the Audit Committee.
- (2) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated in writing: None

2. When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the participation in voting should be stated:

Date of Board Meeting	Name of Director	Content of Motion	Reason for Recusal	Participation in Discussions and Voting
442 nd 01/13/ 2022	Jason K.L. Chang	To approve the amount of compensation of the Chairman and managers of 2021.	Amount of compensation for Chairman Jason K.L. Chang	The directors attended the meeting in person, but recused themselves from discussions and voting

Date of Board Meeting	Name of Director	Content of Motion	Reason for Recusal	Participation in Discussions and Voting
442 nd 01/13/ 2022	Chi-Te Chen Pan Howard Wei-Hao I-Cheng Liu Kuan-Ming Chen	To approve 2021 Lunar New Year compensation of the directors	To approve the amount of 2021 Lunar New Year compensation of directors (not including the independent directors who are concurrently members of the Remuneration Committee)	The directors attended the meeting in person, but recused themselves from discussions and voting
	Chia-Shen Chen Robert K. Su	To approve 2021 Lunar New Year compensation of members of the Remuneration Committee	To approve the amount of 2021 Lunar New Year compensation of members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee)	The directors attended the meeting in person, but recused themselves from discussions and voting
443 rd 03/22/ 2022	Jason K. L. Chang Chi-Te Chen Pan Howard Wei-Hao I-Cheng Liu	To approve the amount of compensation of directors of 2021	Director Jason K.L. Chang, Director Chi-Te Chen and Tong Yang Chia Hsin Int'l Corp. (the Corporate Director) will receive the compensation	The directors attended the meeting in person, but recused themselves from discussions and voting
446 th 07/13/ 2022	Jason K. L. Chang Pan Howard Wei-Hao Chi-Te Chen	To approve directors and supervisors of Chia-Hsin Property Management and Development Corp.	Directors Jason K.L. Chang, Chi-Te Chen and Pan Howard Wei-Hao are directors of the Company's subsidiary, Chia-Hsin Property Management and Development Corp.	The directors attended the meeting in person, but recused themselves from discussions and voting
	Jason K. L. Chang Pan Howard Wei-Hao Chi-Te Chen I-Cheng Liu Kevin Kuo-I Chen	To set the compensation and attendance fee of the new directors (not including the directors who are concurrently members of the Remuneration Committee)	To set the compensation and attendance fee of the new directors Jason K. L. Chang, Pan Howard Wei-Hao, Chi-Te Chen, I-Cheng Liu and Keven Kuo-I Chen	The directors attended the meeting in person, but recused themselves from discussions and voting.
	Robert K. Su Pao-Chu Lin	To set the compensation and attendance fee of the current term members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee)	To propose the compensation and attendance fee of the current term members of the Remuneration Committee, Robert K. Su, Pao-Chu Lin and Chi-Lin Wea	The directors attended the meeting in person, but recused themselves from discussions and voting.
	Jason K. L. Chang Chi-Te Chen Pan Howard Wei-Hao I-Cheng Liu	To discuss in accordance with the Company's rules about 2021 compensation to the appointed representative directors and supervisors of the Company's affiliates and invested companies	Due to the reason that the aforementioned directors were all appointed by the Company as directors of its directly invested companies or affiliates who will receive the compensation for such appointment. In consideration that the affiliates may apply the same rules in the future, the directors should recuse themselves from participating in discussion or voting	The directors attended the meeting in person, but recused themselves from discussions and voting
449 th 12/14/ 2022	I-Cheng Liu	To continue maintain financing relations and loan with financial institutions	The director serves consultant of CBTC since 12/01/2022	The director attended the meeting in person, but recused himself from discussion and voting

Date of Board Meeting	Name of Director	Content of Motion	Reason for Recusal	Participation in Discussions and Voting
449 th 12/14/ 2022	I-Cheng Liu	To continue provide guarantee for the Company's subsidiary CHC Ryukyu GK in Japan loan financing with CBTC, Tokyo Branch Office	The director serves consultant of CBTC since 12/01/2022	The director attended the meeting in person, but recused himself from discussion and voting
	I-Cheng Liu	To continue providing guarantee for the Company's subsidiary CHC Ryukyu Collective KK in Japan loan financing with CBTC, Tokyo Branch Office	The director serves consultant of CBTC since 12/01/2022	The director attended the meeting in person, but recused himself from discussion and voting
450 th 01/06/ 2023	Jason K.L. Chang	To approve the amount of 2022 compensation of the Chairman and managers	Amount of compensation is for Chairman K.L. Chang	The director attended the meeting in person, but recused themselves from discussions and voting
	Chi-Te Chen Pan Howard Wei-Hao I-Cheng Liu Kevin Kuo-I Chen	To approve the of 2022 Lunar New Year compensation of directors	To approve the amount of 2022 Lunar New Year bonus for the directors (not including independent directors who are concurrently members of the Remuneration Committee)	The directors attended the meeting in person, but recused themselves from discussions and voting
	Robert K.Su Pao-Chu Lin	To approve the 2022 Lunar New Year compensation of members of the Remuneration Committee	To propose the amount of 2022 Lunar New Year compensation of members of the Remuneration Committee (including the independent directors who are concurrently members of the Committee)	The directors attended the meeting in person, but recused themselves from discussions and voting

3. The self-assessment (or peer assessment) made by the Board of Directors of the Company, interval and period, assessment scope, method, content, and the implementation:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Contents of Evaluation
Once a Year	January 1, 2022 to December 31, 2022	Board of directors and functional committees (including Audit Committees, Remuneration Committee and Sustainable Development Committee) and its individual members	Internal self-assessment of the Board of Directors and functional committees (including Audit Committees, Remuneration Committee and Sustainable Development Committee) and its individual members	<p>With reference to the sample template published by the authority, herewith the Company has established following regulations governing the performance assessment:</p> <p>(1) Performance assessment of the Board of Directors</p> <p>1.1 The participation in the operation of the Company</p> <p>1.2 Improvement of the quality of the decision making</p> <p>1.3 Composition and structure</p> <p>1.4 Election and continuing education</p> <p>1.5 Internal control</p> <p>(2) Performance assessment of Individual Directors</p> <p>2.1 Alignment of the goals and missions of the Company</p> <p>2.2 Awareness of the duties of a director</p> <p>2.3 Participation in the operation of the Company</p> <p>2.4 Management of internal relationship and communication</p> <p>2.5 Director's professionalism and continuing education</p>

				2.6 Internal control. (3) Performance assessment of the Functional committees: 3.1 Participation in the operation of the Company 3.2 Awareness of the duties of the functional committee 3.3 Improvement of quality of decisions made 3.4 Makeup of the functional committee and election of its members 3.5 Internal control (4) Performance assessment of the individual members of the Functional committees 4.1 Functions of the functional committee 4.2 Awareness of the duties of the functional committee 4.3 Participation in the operation of the functional committees; 4.4 Relationship operation and communication within the functional committee
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Note: At least once every three years, the Company will engage external professional institutions on performance evaluation of the Board and its functional committees. In 2022 EY Advisory Services was engaged and conducted a performance evaluation by exploring three aspects, "Structure", "members", and "Procedure and Information"; and through the methods such as documentation review, director self-assessment questionnaire, and an onsite interview conducted by experts from EY Advisory Services.

4. Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

- (1) To implement the target to increase female director's participation in decision making, at the re-election on June 14th, 2022, a female director was elected onboard. Members of the Board of Directors have professional knowledge, skills and expertise in different fields and background and are capable to fulfill their duties. The Board of Directors should actively participate in diversified training courses to strengthen skills and knowledge in their expertise and to keep an open channel of communications with the operation team exchanging and sharing of information and experiences. During the second half of the year, the Company conducted diversified training courses including topics on cyber security, enterprise carbon neutral, multinational investment structure and tax related regulations, inheritance of family business in order to continuously strengthen the Board's expertise. For details of training records, please refer to 3.4.1 Operation of the Board of Directors.
- (2) In 2022, the Company held a total of 8 board meeting and attendance of all directors reached 96%. Related important matters of discussion as well as the percentage of attendance of the directors are all disclosed, in compliance of the law, and announced at the MOPS for purpose of providing transparent and timely information. Moreover, the directors shall thoroughly discuss and approve the resolutions and at the same time pay special attention on risk control of all matters to ensure an overall smooth operation.
- (3) The Company established the Remuneration Committee in 2011, the Audit Committee in 2013 and the Sustainable Development Committee in 2021 to implement the accountability and to improve the functions of the Board of Directors. For purpose to assist the directors to control more risk factors in order to evaluate and monitor risk issue, risk management was included as one important functions of the Sustainable Development Committee. Scopes of risk evaluation includes the Company and its important subsidiaries. At the 449th Board Meeting dated 12/14/2022, the Risk Unit from the Sustainable Development Committee has proposed to the Board of Directors 2023 Risk Evaluation Report.

Note 1: If directors or supervisors are institutional shareholders, the names of the institutional shareholders and their representatives shall be disclosed.

Note 2: (1) If any director or supervisor left his/her position before end of the year, the date the director or supervisor left and their actual attendance rate (%), which is the number of meetings the director or supervisor attended in person divided by the total number of meetings during his/her term of office shall be specified in the remarks column.

(2) If any director or supervisor was re-elected before end of the year, either the former and current directors or supervisors should be listed and dates of the re-election should be specified in the remarks column. Actual attendance rate (%) is the number of meetings the director or supervisor attended in person divided by the total number of meetings during his/her term of office.

Note 3: Tenure of the Board members expired and re-elected on June 14, 2022. Total of meetings of the Board of Directors held in the most recent year was: 8 times in 2022 (3 times before the re-election and 5 times after the re-election), and 2 times in 2023 (as of March 10, 2023)

2. Continuing Education of the Company's Directors and Independent Directors in 2022

Name of Director	Course	Organizer	Date	Hours	2022 TotalHours
Jason K.L. Chang	2022 Mid-Year Market Outlook and Global investor outreach	Taiwan Corporate Governance Association	08/31/2022	3	18
	Introduction to Japan's Hotel Industry and related investment opportunities	Taiwan Corporate Governance Association	09/07/2022	3	
	EY Digital & Emerging Technology	Taiwan Corporate Governance Association	10/05/2022	3	
	The FINI Voting Perspective, Implementing Effectives ESG for Issuers	Taiwan Corporate Governance Association	10/12/2022	3	
	The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	Taiwan Corporate Governance Association	11/02/2022	3	
	Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	Taiwan Corporate Governance Association	12/07/2022	3	
Chi-Te Chen	Corporate Governance – Establishment of Ethical Management of Corporate Governance Best Practice Principles	Taiwan Corporate Governance Association	11/08/2022	3	6
	Judgment Analysis of Legal Restrictions and Judgments for the Rights of Directors and Supervisors	Taiwan Corporate Governance Association	11/25/2022	3	
Pan Howard Wei-Hao	Cycle with Real Value Created by Low-Carbon Innovation; How to Understand Circular Economy and Governance	Taiwan Corporate Governance Association	09/06/2022	3	6
	Case Study and Analysis of Enterprise Merging and Acquisition	Taiwan Corporate Governance Association	11/04/2022	3	

Name of Director	Course	Organizer	Date	Hours	2022 TotalHours
I-Cheng Liu	Corporate Governance and Security Regulations	Taiwan Corporate Governance Association	02/11/2022	3	6
	2022 Mid-Year Market Outlook and Global investor outreach	Taiwan Corporate Governance Association	08/31/2022	3	
Robert K. Su	Competitiveness vs Viability Trend and Strategy of ESG	Taiwan Corporate Governance Association	01/14/2022	3	32
	ESG Related Legal Issues for the Consideration of the Board	Taiwan Corporate Governance Association	02/22/2022	3	
	The International Twin-Summit Forum	Alliance Advisors	05/12/2022	2	
	Commercial Case Trial Law and Professional Witness System Bringing Impacts the Director Auditor	The Chinese National Association of Industry and Commerce	05/30/2022	3	
	Case Analysis on Disputes of Business Management Rights	The Chinese National Association of Industry and Commerce	06/07/2022	3	
	2022 Mid-Year Market Outlook and Global investor outreach	Taiwan Corporate Governance Association	08/31/2022	3	
	Introduction to Japan's Hotel Industry and related investment opportunities	Taiwan Corporate Governance Association	09/07/2022	3	
	EY Digital & Emerging Technology	Taiwan Corporate Governance Association	10/05/2022	3	
	The FINI Voting Perspective, Implementing Effectives ESG for Issuers	Taiwan Corporate Governance Association	10/12/2022	3	
	The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	Taiwan Corporate Governance Association	11/02/2022	3	
	Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	Taiwan Corporate Governance Association	12/07/2022	3	
Pao-Chu Lin	Opportunities and Challenges of Net Zero Emissions – Also on Greenhouse Gas Inventory, Carbon Footprint and Carbon Neutrality	Independent Director Association Taiwan	07/27/2022	3	16
	New Vision on Digital Transformation	Taiwan Corporate Governance Association	08/31/2022	1	
	2022 Mid-Year Market Outlook and Global investor outreach	Taiwan Corporate Governance Association	08/31/2022	3	

Name of Director	Course	Organizer	Date	Hours	2022 TotalHours
Pao-Chu Lin	Introduction to Japan's Hotel Industry and related investment opportunities	Taiwan Corporate Governance Association	09/07/2022	3	16
	The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	Taiwan Corporate Governance Association	11/02/2022	3	
	Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	Taiwan Corporate Governance Association	12/07/2022	3	
Kevin Kuo-I Chen	2022 Mid-Year Market Outlook and Global investor outreach	Taiwan Corporate Governance Association	08/31/2022	3	12
	Introduction to Japan's Hotel Industry and related investment opportunities	Taiwan Corporate Governance Association	09/07/2022	3	
	The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	Taiwan Corporate Governance Association	11/02/2022	3	
	Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	Taiwan Corporate Governance Association	12/07/2022	3	

3.4.2 Audit Committee

1. Annual Priorities of the Audit Committee

- The professional qualifications and experience of the three members of the Audit Committee are detailed in 3.2.1, the relevant tables and contents of the directors' information.
- The Audit Committee is designed to assist the Board in ensuring the quality and integrity of the Company's accounting, auditing, financial reporting processes and financial controls.
- The Audit Committee conducts annual reviews on the followings:
- Financial reports, audit and accounting policies and procedures, internal control systems and related policies and procedures, significant assets or derivatives transactions, major loans, endorsements or guarantees, raising or issuing securities, potential conflicts of interest for managers and directors, company risk management, evaluation the effectiveness of internal control systems, CPA independence and performance evaluation, appointment, dismissal or remuneration of CPA, appointment and dismissal of finance, accounting or audit division officers, and other major matters prescribed by laws and regulations.
- According to law, members of the Audit Committee shall be composed of all independent directors. The composition of the Audit Committee of the Company has complied with the above-mentioned regulation.

- The Audit Committee of the Company fully understands that in order to perform its duties, it has the right to conduct any appropriate audits and investigations, and has direct communication with the Company's internal auditors, CPA, and all employees. At the same time, the Audit Committee also understands it has the right to hire and supervise lawyers, accountants or other consultants to assist the Audit Committee in performing its duties.
- Please refer to the Company's website for the organization and working procedures of the Audit Committee.

2. Operation of the Audit Committee

A total of seven meetings of the Audit Committee were held in the most recent year. The last term and current term Audit Committee held two and five meetings respectively (A) (Note 3). The attendance of independent directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Rate of Attendance in Person (%) (B/A) (Note 2)	Remarks
Independent Director	Pao-Chu Lin	5	0	100%	Newly-elected on 06/14/2022
Independent Director	Robert K. Su	7	0	100%	New-elected on 06/14/2022
Independent Director	Kevin Kuo-I Chen	5	0	100%	Newly-elected on 06/14/2022
Independent Director	Chia-Shen Chen	2	0	100%	Resigned on 06/14/2022
Independent Director	Kuan-Ming Chen	0	2	0%	Resigned on 06/14/2022

Other mentionable items:

1. In case any of the following circumstances occur at the operation of the Audit Committee, it is required to clearly specify the dates of meeting, sessions, contents of motion, resolutions of the Audit Committee and the Company's response thereto.

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

Meeting Date (Session)	Content of Motion	Items Listed in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee and the Company's Response
03/22/2022 16 th Meeting of the 3 rd Term	1. The 2021 internal control statement. 2. The draft of 2021 business report and financial statements. 3. The engagement of CPAs. 4. The amendments to the "The procedures for acquisition or disposal of assets Acquiring".	✓	All members attended the meeting agreed to pass the motion items and submitted to the Board of Directors in which all attended directors approved without objection.
05/03/2022 17 th Meeting of the 3 rd Term	1. The proposal of 2021 earnings distribution. 2. The service fee for the CPAs engaged. 3. Review the Company's consolidated financial statements for the Q1 of 2022. 4. The proposal to establish a short-term credit line with financial institutions. 5. The amendments to the Company's Articles of Incorporation.	✓	

Meeting Date (Session)	Content of Motion	Items Listed in Article 14-5 of the Securities and Exchange Act	Resolution of the Audit Committee and the Company's Response
07/13/2022 1 st Meeting of the 4 th Term	1. The assignment of Mr. Jason K.L. Chang, Mr. Chih-Te Chen and Mr. Pan Howard Wei-Hao as the directors of the Company's subsidiary, Chia Hsin Property Management Development Corp. 2. The appointment of key personnel including the Finance Officer, Accounting Officer, and Audit Division Officer of the Company.	✓	attended the meeting agreed to pass the motion items and submitted to the Board of Directors in which all attended directors approved without objection.
08/10/2022 2 nd Meeting of the 4 th Term	1. Review the Company's consolidated financial statements for the Q2 of 2022. 2. The revision of budget for the 2022.	✓	
11/04/2022 3 rd Meeting of the 4 th Term	1. Review the Company's consolidated financial statements for the Q3 of 2022. 2. The amendments to the 2022 Audit Plan.	✓	
12/14/2022 4 th Meeting of the 4 th Term	1. The extension of contracts signed with the Company's subsidiary, Tong Yang Chia Hsin International Corp. for management of Keelung Storage and Transport Center and Cement Storage Service at the Port of Taichung. 2. The extension of Storage and Transport Agreement with the Company's subsidiary, Chia Pei International Corp. 3. To sign 2023 annual equipment usage fee agreement with the Company's subsidiary, Chia Pei International Corp. 4. The endorsement of the loan taken out from Taishin International Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu Development GK in Japan. 5. The endorsement of the loan taken out from CTBC Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu Development GK in Japan. 6. The endorsement of the loan taken out from Taishin International Bank Tokyo Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 7. The endorsement of the loan taken out from CTBC Bank Tokyo Branch and derivative financial product quota of CTBC Bank Dunhua Branch for the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 8. The amendments of the Company's "Procedures for Handling Material Insider Information and Prevention of Insider Trading". 9. The 2023 Budget. 10. The 2023 Audit Plan.	✓	
03/09/2023 5 th Meeting of the 4 th Term	1. The 2022 internal control statement. 2. The draft of 2022 business report and financial statements. 3. The continuing appointment of the current CPAs and the service fee. 4. Established the Company's pre-approved policy of non-assurance services provided by the certified public accountant. 5. Proposal for the restructuring of the Company's organization. 6. The amendments to the Internal Control System.	✓	

- (2) There were no resolved matters that did not pass the audit committee but approved by two-thirds or more of all directors.
2. If there are independent directors' avoidance of motions in conflict of interest, the names of the independent director, contents of motion, causes for avoidance and the participation in voting shall be stated:
There was no such situation.
3. Communications among independent directors, audit division officer and CPAs (such as material matters, methods and communicating results regarding the Company's financial and operations, etc.):
Audit division officer and CPAs of the Company communicated with and provided written reports to independent directors regarding the Company's financial, business, and internal control condition periodically.
- (1) Independent directors and CPAs meet at least 3-4 times a year. The CPAs reported to the independent directors on the Company's financial position, the financial and overall operations of the Company's domestic and overseas' subsidiaries and discussed with the independent directors on key audit matters for the year and examination condition of internal control. Fully communicated for any material audit adjustment entries or statutes changes that affect the accounting situation. The Company's independent directors communicate well with the CPAs.
- (2) The audit division prepared the monthly audit report and follow up reports, and submitted to each independent directors for review and approval. If the independent directors have any questions or instructions after reviewing the audit report, the internal audit manager and the independent directors shall maintain a healthy relationship with one another and communicate with each other as necessary.
- (3) Communications between the independent directors and the audit division officer for 2022 were listed as follows:

Meeting Date	Main Communication Item	Discussion Result
01/13/2022 (BOD)	Execution report and communications regarding the audit for October, 2021.	Noted.
03/22/2022 (BOD & Audit committee meeting)	1. Execution report and communications regarding the audit for November and December, 2021. 2. The 2021 internal control statement.	1. Noted 2. After discussion, the statement was proposed to the BOD for resolution.
05/03/2022 (BOD)	Execution report and communications regarding the audit for January and February, 2022.	Noted.
07/13/2022 (BOD)	Execution report and communications regarding the audit for March and April, 2022.	Noted.
07/28/2022 (Symposium)	The independent directors of the new term had a discussion with the Finance Officer. Accounting Officer and Audit division officer to understand the implementation of the Company's finance, business, internal control, and internal audit.	Well communicated.
08/10/2022 (BOD)	Execution report and communications regarding the audit for May, 2022.	Noted.
11/04/2022 (BOD & Audit committee meeting)	1. Execution report and communications regarding the audit for June - August, 2022. 2. The amendments to the 2022 Audit Plan.	1. Noted. 2. After discussion, the statement was proposed to the BOD for resolution..
12/14/2022 (BOD & Audit committee meeting)	1. Execution report and communications regarding the audit for September, 2022. 2. The 2023 Audit Plan.	1. Noted. 2. After discussion, the statement was proposed to the BOD for resolution.
01/06/2023 (BOD)	Execution report and communications regarding the audit for October, 2022.	Noted.
03/09/2023 (Individual symposium)	Discussion and communication between audit officer and independent directors.	Follow independent directors' advice.
03/09/2023 (BOD & Audit committee meeting)	1. Execution report and communications regarding the audit for November and December, 2022. 2. The 2022 internal control statement. 3. The amendments to the Internal Control System.	1. Noted. 2. After discussion, the statement was proposed to the BOD for resolution.

The three independent directors of the audit committee of the Company have made suggestions in the meetings of the audit committee or the board of directors with no objections or qualifications. If there were any specific instructions and handling situations, they have been explained in the table above.

(4) Communications between independent directors and CPAs for 2022 were listed as follows:

Meeting Date	Main Communication Item	Discussion Result
03/22/2022 (Individual symposium)	1. The independent directors and the CPAs held a discussion to understand the CPAs communication with the Company's management and the audited departments.	Well communicated
03/22/2022 (BOD & Audit committee meeting)	1. The CPAs explained the contents of the 2021 consolidated financial report and explanation of key audit matters and types of audit opinion issued. 2. The CPAs explained and communicated the questions raised by the participants.	Noted and proposed to BOD for resolution
07/28/2022 (Symposium)	The independent directors of the new term had a discussion with the CPAs to understand the accountant's audit plan for the Group, the explanation of the material audit matters, the explanation of the major adjustments for the most recent year, and the internal control suggestions.	Well communicated
08/10/2022 (BOD & Audit committee meeting)	1. The CPAs explained the contents of the review of the consolidated financial report for the second quarter of 2022. 2. The CPAs explained and communicated the questions raised by the participants.	Noted and proposed to BOD for resolution.
12/14/2022 (BOD)	1. The CPAs evaluated and explained the possible "Key Audit Matters" for the Company's financial report for 2022. 2. The CPAs explained and communicated the questions raised by the participants.	Well communicated
03/03/2023 (Individual symposium)	1. The independent directors and the CPAs held a discussion to understand the CPAs communication with the Company's management and the audited departments. 2. The CPAs communicated and discussed the content of the management letter issued.	Well communicated
03/09/2023 (BOD & Audit committee meeting)	1. The CPAs explained the contents of the 2022 consolidated financial report and explanation of key audit matters and types of audit opinion issued. 2. The CPAs explained and communicated the questions raised by the participants.	Noted and proposed to BOD for resolution.

Note 1: If any independent director left before the end of the year, the left date shall be disclosed. Rate of attendance in person (%) shall be calculated based on the number of meetings the independent director attended in person divided by the total number of meetings during his/her term of office. (No such incident this year)

Note 2: If there was re-election of independent director before end of the year, both former and current independent directors shall be listed and the date of re-election shall be disclosed. Rate of attendance in person (%) shall be calculated based on the number meetings the independent director attended in person divided by the total number of meetings during his/her term of office.

Note 3: Number of meetings in the most recent year and up to the publication date of this Annual Report: Six meetings in 2022 and one meeting in 2023 (as of March 10, 2023.)

3.4.3 Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Status of Corporate Governance and Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish and disclose its best practice principles of Corporate Governance based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company's Corporate Governance Best Practice Principles was established basing on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies " by the Taiwan Stock Exchange and first approved by the Board of Directors at the board meeting held in March 25, 2015 and recently in May 3, 2022, amendments on partial articles were approved by the Board. The information was disclosed on MOPS and also available to investors on the Company's official website. The Company's corporate governance is established in compliance with the regulations and Articles of Incorporation and at the same time to enable the protection of investors' rights, strengthening the supervising functions of the Board of Directors, respects to stakeholders and enhancing the transparency of information.	None
2. Shareholding structure & shareholders' rights				
(1) Does the Company have internal operating procedure for handling shareholders' suggestions, concerns, disputes and litigation matters and implement based on the procedure?	✓		(1) The Company's Corporate Governance Best Practice Principles specifies internal control procedures for handling shareholders' suggestions, concerns, and disputes and establishes a spokesperson and deputy spokesperson system as well as a contact window for investor relations. The Company also has a Board Secretariat that fully supports together with the shareholder service agent "Capital Securities Corporation" to handle shareholders' suggestions, concerns, disputes and litigation matters. Shareholders attending the Board of Directors' meeting are all given appropriate time to speak and discuss motions. The Company accepts any undisputed and feasible suggestions and makes improvements accordingly. However, for suggestions with disputes are to be resolved by voting in accordance with the rules and procedure of shareholders' meetings.	None
(2) Does the Company possess a list of its major shareholders and ultimate beneficial owners of those shares?	✓		(2) The Board Secretariat and the shareholder service agency "Capital Securities Corporation" will monitor and in control the whole time of the directors, managers and major shareholders holding more than 10% of the shares.	None
(3) Does the Company establish and execute the risk management and firewall system mechanism within its conglomerate structure?	✓		(3) Asset management, finance and accounting operations of the Company's affiliates are conducted independently. However, the Company has a subsidiary supervisory committee (formed by 2 to 4 directors selected by the Board of Directors and the President) who are responsible to set up task forces including risk management, sales, finance, information system, Board secretariat, operation management and investment planning division to periodically monitor its subsidiaries and affiliates' business activities and any potential risks so as to make modifications, on a timely manner, on the risk management mechanism in order to prevent frauds which may subsequently create risks to the Company.	None

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company establish and implement internal rules against insiders trading with undisclosed information?	✓		<p>(4) To protect the rights and interests of the shareholders and to ensure their equal treatment, the Company amended the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and approved by the 444th Board Meeting on May 3, 2022; prohibiting the directors from trading the Company stock or other securities with equity nature 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. In addition, in order to improve timeliness of important information, correctness and completeness, "Internal Material Information Process and Procedures for Management of the Prevention of Inside Trading" is also established to reaffirm the above-mentioned regulations. Such amendment was approved by the Board of Directors at the 449th Board Meeting on December 14, 2022 which clearly prohibits any insiders from using undisclosed information on trading of securities. Execution of the procedures and regulations are dedicated to the Board of Secretariat and status of implementation of 2022 is as follows: At least once every quarter, the Company will provide current insiders the pre and post reporting of changes on insider shareholdings and as well as educational materials on procedures and related legal regulations on monthly basis by electronic transmission.</p> <p>In order to provide the Company's internal employees as well as other high-level managers of its affiliates to better understand the above-mentioned relevant documentation promoting the prevention of insiders trading, on October 19, 2022, the Company conducted the "Prevention of Inside Trading Promotional Meeting" to CHC Group's new comers. Consequently, at the same year on November 11, December 1, and 8, 3 internal training courses on "Ethical Corporate Management Best Practice Principles" given by professional and experienced instructors from Deloitte Legal Dept. were offered internally to all employees. Topics of the course covers not only the important guidelines and regulations related to management of "Ethical Corporate Management Best Practice Principles" but also includes case studies on prevention of inside trading. A total of 221 employees of the CHC Group attended the class which reached the rate of achievement of 100% of employees in Taiwan. Moreover, all presentations and lesson materials were kept in the Company's internal data center for employees' study and review after class.</p>	None

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
3. Composition and Responsibilities of the Board of Directors (1) Does the Company develop and implement a diversified policy, specific management goals and implementation for the Board members?	✓		(1) Structure of the Company's Board takes into the consideration based on the needs of business planning and future development. In accordance with the Company's Articles of Incorporation and practices of business, the Company should determine the number, nationality, background, skills and professional experiences of the directors. The Company's board of directors is composed in diversity with expertise and business management experiences in various industries and also with 2 university professors serving as directors and independent directors. In order to achieve target of Corporate Governance Best Practice Principles, the Board of Directors is responsible to perform the following capabilities: 1. Business Operation Judgement 2. Accounting and Financial Analysis 3. Business Management 4. Crisis Management 5. Industry Knowledge 6. International Market Vision 7. Leadership 8. Decision Making Please see Attachment Table 1 for implementing the directors' diversity policy.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee?	✓		(2) In compliance with the legal regulations, in addition to establishing the remuneration committee and audit committee, the Company also has a "Subsidiary Supervisory Committee" established in accordance with the internal control regulations. The Committee consists of 2-4 professional directors selected by the Board of Directors and the President. A convener is elected by a majority vote is responsible to form a task force selecting members from various departments and business units so as to strengthen and push for development on management and strategies on sustainability development to promptly respond to its stakeholders all related issues. The Committee fulfills its duties of supervision and management by reviewing reports or motions periodically or irregularly submitted by the task forces. Moreover, in order to effectively address and strengthen the increasing attention to the ESG-related and sustainable development, at the 441st Board Meeting held on December 14, 2021, the Board of Directors resolved to set up the "Sustainable Development Committee". For the committee's composition, duties and operation, please refer to "3.4.8 Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance.	None

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		<p>(3) The Board of Director's Meeting has approved the "Board Performance Evaluation Regulations" on May 9, 2019 and proceeding with the performance evaluation on annual basis accordingly. The 2022 performance evaluation of the Board of Directors has been approved at the Board of Directors' Meeting on March 9, 2023; overall performance is better than 2021. The "Board Performance Evaluation Regulation" includes the following five aspects:</p> <ul style="list-style-type: none"> a. Participation in the operation of the Company b. Improvement of the quality of the board of directors' decision making c. Composition and structure of the board of directors d. Election and continuing education of the directors e. Internal control <p>The Result of 2022 Performance Evaluation of the Board of Directors is as below</p> <ul style="list-style-type: none"> a. Self-evaluation of the Board of Directors: more than 98% of the evaluation items in the above mentioned five aspects are evaluated "Excellent" b. Self-evaluation of the Functional Committee: more than 96% of the evaluation items in the above mentioned five aspects are evaluated "Excellent" <p>Performance evaluation procedures and regulations were fully disclosed on the Market Observation Post System (MOPS) and the Company's website.</p>	None
(4) Does the Company regularly evaluate the independence of CPAs?	✓		<p>(4) The Company annually evaluates the independence of the CPAs and the results of the evaluation has been reported at the Audit Committee on March 22, 2022 for approval by the board of directors. According to the evaluation, Chiang-Hsun Chen and Sheng-Tai Liang, CPAs of Deloitte Taiwan, both met the Company's independent evaluation criteria, and were qualified to be the Company's CPAs. For the evaluation standards of CPAs' independence, please refer to Section 3.5 Information of Certified Public Accountants of this Annual Report.</p>	None
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to	✓		<p>On July 11, 2019 at the Company's 424th meeting, the Board of Directors approved to appoint the Company's EVP (currently President), Ms. Li-Hsin Wang as the chief corporate governance officer to establish and supervise the operation of the Company's governance unit responsible to handle matters as below:</p> <ul style="list-style-type: none"> (1) Handling all matters relating to board of directors' meetings and shareholders meetings in compliance with law (2) Preparing minutes of board of director meetings and the general shareholders' meetings' (3) Assisting onboarding and continuing education of the directors and supervisors (including the independent directors) (4) Providing all information required for performance of duties requested by the directors and supervisors (including the independent directors) (5) Assisting the directors and supervisors (including the independent directors) in complying with laws and regulations (6) Other matters specified by the articles of incorporation 	None

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons																					
	Yes	No	Abstract Explanation																						
meetings of the Board of Directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?			<p>The execution status of 2022 plan up to date are as follows:</p> <table><tr><th>Items</th><th>Time or Period</th><th>Description</th></tr><tr><td>Corporate Governance Evaluation Results</td><td>2021-2022</td><td>The result of the 8th annual evaluation result was announced on April 28, 2022 and Company showed a result of 6 - 20% (the second level) which maintains the same level as the previous year</td></tr><tr><td>Appointment of the chief corporate governance officer</td><td>07/11/2019 Completed</td><td>At the Company's 424th board meeting, the Board of Directors approved to appoint the Executive Vice President (currently holds the position of President) Li-Hsin Wang as the chief corporate governance officer</td></tr><tr><td rowspan="5">Implementation Status of Sustainable Development</td><td>12/14/2021</td><td>The Board approved and established the "Sustainable Development Committee" in aim to undertake duties to continuously take over the operation of all functions of the previously-named corporate governance unit; and moreover, relevant tasks and work plans on sustainable development implementation (including environmental management, risk management and climate change atom & etc.) were added. Each individual task force should meet monthly and periodically for discussion of sustainability goals, promoting and implementing corporate governance works</td></tr><tr><td>05/03/2022</td><td>Reported work plan and expected schedule of GHG inventory at the 444th board meeting</td></tr><tr><td>11/04/2022</td><td>Reported intellectual property rights related issues at the 448th board meeting</td></tr><tr><td>12/14/2022</td><td>Reported the following progress at the 449th board meeting: a. Implementation status of Sustainable Development goals (which is divided into 4 main scopes including responsible business operations, sustainable business management, strengthen communications with stakeholders and participate in social welfare activities b. Conduct GHG inventories c. Information Security Risk Management Framework d. Information Security implementation</td></tr><tr><td></td><td></td><td></td></tr></table>	Items	Time or Period	Description	Corporate Governance Evaluation Results	2021-2022	The result of the 8 th annual evaluation result was announced on April 28, 2022 and Company showed a result of 6 - 20% (the second level) which maintains the same level as the previous year	Appointment of the chief corporate governance officer	07/11/2019 Completed	At the Company's 424 th board meeting, the Board of Directors approved to appoint the Executive Vice President (currently holds the position of President) Li-Hsin Wang as the chief corporate governance officer	Implementation Status of Sustainable Development	12/14/2021	The Board approved and established the "Sustainable Development Committee" in aim to undertake duties to continuously take over the operation of all functions of the previously-named corporate governance unit; and moreover, relevant tasks and work plans on sustainable development implementation (including environmental management, risk management and climate change atom & etc.) were added. Each individual task force should meet monthly and periodically for discussion of sustainability goals, promoting and implementing corporate governance works	05/03/2022	Reported work plan and expected schedule of GHG inventory at the 444 th board meeting	11/04/2022	Reported intellectual property rights related issues at the 448 th board meeting	12/14/2022	Reported the following progress at the 449 th board meeting: a. Implementation status of Sustainable Development goals (which is divided into 4 main scopes including responsible business operations, sustainable business management, strengthen communications with stakeholders and participate in social welfare activities b. Conduct GHG inventories c. Information Security Risk Management Framework d. Information Security implementation				
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			<table><tr><th>Items</th><th>Time or Period</th><th>Description</th></tr><tr><td rowspan="2">Performance Evaluation of the Board of Directors Meeting</td><td>03/22/2022</td><td>Conducted performance evaluation of the 2021 Board Directors (self-evaluation) and functional committees. In addition, the Board engaged an external independent agency, Ernst & Young Global Limited, to conduct the performance evaluation of the Board of Directors. The rating result was received in March 2022 and showed a result of "Excellent". The above two results were reported at the 443rd Board Meeting.</td></tr><tr><td>03/09/2023</td><td>Reported the results of the 2022 Self Evaluation of the Board of Director and the functional committees at the 451st Board Meeting.</td></tr><tr><td>The General Shareholders' Meeting</td><td>06/14/2022</td><td>Proceeded with the affairs on registration of the convening date of the General Shareholders' Meeting, nominations of re-election of directors and affairs of registration changes.</td></tr><tr><td>Directors' Liability Insurance</td><td>07/13/2022 Completed</td><td>Directors' liability insurance was taken out and reported at the 466th Board Meeting. The Board Secretariat has commissioned Taiwan Institute of Directors to arrange director's seminar courses and forwarded the information of relevant courses of various organizations for directors' reference in 2022</td></tr><tr><td>Continuing education of the directors</td><td>Annual and irregularly</td><td>The Board Secretariat has commissioned Taiwan Institute of Directors to arrange director's seminar courses and forwarded the information of relevant courses of various organizations for directors' reference in 2022</td></tr><tr><td>Other important matters</td><td colspan="2">Notification of the latest laws and regulations or referral of information on policy advocacy for the directors' reference.</td></tr></table> <p>As of December 2022, the President, Ms. Li-Hsin, Wang continued her training as follows:</p> <table><tr><th>Time</th><th>Organizer</th><th>Course</th><th>Hours</th></tr><tr><td>03/10/2022</td><td>TWSE. QIC. Georgeson</td><td>Overview of the Independent Directors and Board Meeting's over sight from an international perspective</td><td>1</td></tr><tr><td>08/31/2022</td><td>Taiwan Corporate Governance Association (TCGA)</td><td>2022 Mid-Year Market Outlook and Global Investor Outreach</td><td>3</td></tr><tr><td>09/07/2022</td><td></td><td>Introduction of the Trend of the New Industries and multinational organization of the new Industries</td><td>3</td></tr><tr><td>10/12/2022</td><td></td><td>Effectives of ESG Implementation of the Public Companies from the View and Voting Behavior of the Foreign Shareholders</td><td>3</td></tr><tr><td>12/07/2022</td><td></td><td>Inheritance is not just About Taking Over but also Focusing the Transforming and Upgrading of Family Business</td><td>3</td></tr></table>	Items	Time or Period	Description	Performance Evaluation of the Board of Directors Meeting	03/22/2022	Conducted performance evaluation of the 2021 Board Directors (self-evaluation) and functional committees. 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The Board Secretariat has commissioned Taiwan Institute of Directors to arrange director's seminar courses and forwarded the information of relevant courses of various organizations for directors' reference in 2022	Continuing education of the directors	Annual and irregularly	The Board Secretariat has commissioned Taiwan Institute of Directors to arrange director's seminar courses and forwarded the information of relevant courses of various organizations for directors' reference in 2022	Other important matters	Notification of the latest laws and regulations or referral of information on policy advocacy for the directors' reference.		Time	Organizer	Course	Hours	03/10/2022	TWSE. QIC. Georgeson	Overview of the Independent Directors and Board Meeting's over sight from an international perspective	1	08/31/2022	Taiwan Corporate Governance Association (TCGA)	2022 Mid-Year Market Outlook and Global Investor Outreach	3	09/07/2022		Introduction of the Trend of the New Industries and multinational organization of the new Industries	3	10/12/2022		Effectives of ESG Implementation of the Public Companies from the View and Voting Behavior of the Foreign Shareholders	3	12/07/2022		Inheritance is not just About Taking Over but also Focusing the Transforming and Upgrading of Family Business	3	
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	The General Shareholders' Meeting	06/14/2022	Proceeded with the affairs on registration of the convening date of the General Shareholders' Meeting, nominations of re-election of directors and affairs of registration changes.																																													
	Directors' Liability Insurance	07/13/2022 Completed	Directors' liability insurance was taken out and reported at the 466th Board Meeting. The Board Secretariat has commissioned Taiwan Institute of Directors to arrange director's seminar courses and forwarded the information of relevant courses of various organizations for directors' reference in 2022																																													
	Continuing education of the directors	Annual and irregularly	The Board Secretariat has commissioned Taiwan Institute of Directors to arrange director's seminar courses and forwarded the information of relevant courses of various organizations for directors' reference in 2022																																													
	Other important matters	Notification of the latest laws and regulations or referral of information on policy advocacy for the directors' reference.																																														
	Time	Organizer	Course	Hours																																												
	03/10/2022	TWSE. QIC. Georgeson	Overview of the Independent Directors and Board Meeting's over sight from an international perspective	1																																												
	08/31/2022	Taiwan Corporate Governance Association (TCGA)	2022 Mid-Year Market Outlook and Global Investor Outreach	3																																												
	09/07/2022		Introduction of the Trend of the New Industries and multinational organization of the new Industries	3																																												
10/12/2022		Effectives of ESG Implementation of the Public Companies from the View and Voting Behavior of the Foreign Shareholders	3																																													
12/07/2022		Inheritance is not just About Taking Over but also Focusing the Transforming and Upgrading of Family Business	3																																													

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			In addition, in order to improve the quality of corporate governance, the Company's governance director and personnel of the Board Secretariat passed the "Corporate Governance Fundamentals Test" conducted by the Securities and Futures Market Development Foundation.	
5. Does the Company establish a communication channel and designate a website section for its stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as respond to all issues of stakeholders' concerns in terms of corporate social responsibilities?	✓		The Company's website has an "ESG /Sustainable Development Stakeholders" area handled by a dedicated person to provide investors as well as other stakeholders the channel to reflect related issues to maintain their rights and interest The Company Website is as follows: https://www.chcgroup.com.tw/%e6%b0%b8%e7%ba%8c%e5%88%a9%e5%ae%b3%e9%97%9c%e4%bf%82%e4%ba%ba/	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company appoints "Capital Securities Corporation" as the share agent to handle the affairs of the Company's shareholders' meeting.	None
7. Information Disclosure				
(1) Does the Company have a corporate website to disclose information regarding business, finance and corporate governance?	✓		(1) The Company's financial standings and status of corporate governance are disclosed at both websites of the Taiwan Stock Exchange and the Company website: www.chcgroup.com.tw	None
(2) Does the Company have other information disclosure channels (e.g. English website, designated personnel to handle information collection and disclosure, spokesperson system, webcasting investor conferences, etc.)?	✓		(2) The Company has appointed dedicated personnel to handle information collection and disclosure and implemented a spokesperson system. The materials of the annual investor conference will be posted on MOPS and the Company website: http://www.chcgroup.com.tw Language: select English.	None
(3) Does the Company announce and file annual financial report within two months after the end of the fiscal year, and announce		✓	(3) a. As now the Company has been striving to uplift qualifications and adjust its manpower, it is now capable to complete the announcing and reporting of the annual financial report within two months after the end of the fiscal year with the existing manpower.	The Company is capable of self-preparing its financial report within two months. Due to the Company's important invested

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
and file the first, second and third quarter financial reports, as well as monthly operating results, before the prescribed time limit?			b. The Company has announced and filed the first, second and third quarter financial reports and announced information on monthly revenues as early as before the prescribed period.	company using equity method is not a public company, which financial statements need to be converted into IFRS and schedule needs to cooperate with progress of listed company. The Company is continuously communicate and coordinate with the invested company and its audit team, and set the completion of announcement and filling the financial report within two months as recent objective.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' and supervisors' training records, the implementation of risk management policies and risk assessments, implementation of customer relations policies, and purchasing insurance for directors and supervisors?	✓		<p>(1) With regards to employee rights and wellness, the Company compiled a comprehensive employee handbook, ethics regulation and employee benefits. Environmental protection is implemented in accordance with laws.</p> <p>(2) The Company has always paid full attention to its stakeholders' interests; including its suppliers, investors and or other interested parties and provided appropriate protection.</p> <p>(3) Training of director and independent directors / supervisors: In addition to the continuous education which directors and independent directors take on their own, the Company arranges for directors and independent directors attending the courses on IFRS, corporate governance, risk management organized by the China Corporate Governance Association, the Republic of China Securities and Futures Development Foundation, the Republic of China Chamber of Commerce and Industry and the Taiwan Institute of Directors. Training records of directors and independent directors have been disclosed on the Taiwan Stock Exchange Market Observation Post System in accordance with regulations.</p> <p>(4) Implementation of risk management policies and risk measurement standards a. The Company's risk management policy was approved by the Board of Directors at its 434th meeting on December 15, 2020. In order to control risks within the risk appetite and risk tolerance level, the Company have established a three-tier risk management structure: the Board of Directors, the administrative department and each related unit (each function/department of the Company or its affiliates) to evaluate the following risks, including hazard, operational, financial, strategic, personnel, information security and ESG & etc. in aim to identify and manage risks and take relevant risk response measures and necessary controls.</p>	

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>b. In aim of the requirements for Sustainable Development, it was approved by the Board of Directors at the 441st Board Meeting dated December 14, 2021 to establish the Sustainable Development Committee and subsequently the previously established Risk Management Unit was set as one of the important functions under the Committee.</p> <p>c. Reported the operations of risk control and management at the 449th Board Meeting dated December 14, 2022. Scope of evaluation included the Company and its important subsidiaries. For references, please go to the Company website www.chcgroup.com.tw/ESG/Risk Management.</p> <p>(5) Liability insurance coverage for directors and independent directors/supervisors: The Company has purchased liability insurance for directors and managers of the Company effective since June 2012. During their term of office, liabilities of directors and managers shall be insured within the scope of their duties.</p> <p>(6) The Rules of procedure for shareholders meetings are disclosed and information are transparent in accordance with the regulations. All shareholders are invited to participate.</p> <p>(7) Succession planning for members of the Board of Directors and key management personnel, which operates as follows:</p> <p>a. Selection of Board Members The Company operates from the perspective of corporate governance and corporate heritage. The Compensation Committee was established in December 2011 and the Audit Committee was established in June 2012, and the process of optimizing the effectiveness of the Board of Directors has been implemented in a gradual manner.</p> <p>In addition to their professional background and skills, the Board members of the Company should also have expertise in the management planning and business operation of the Company. In order to enhance the professionalism and continuous improvement of the Board members, we consider to select courses that cover finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility or internal control system, and financial reporting related to the nature of the Company's industry in addition to the professional ability of each Board member, and arrange at least 6 hours of refresher courses per year for each Board member to ensure that they have a substantial degree of industry knowledge and acquire new knowledge.</p> <p>The succession plan of the Chairman of the Board of Directors is a continuation of the previous model of nurturing key personnel in the corporate group by assigning reserve personnel to train overseas (e.g., to participate in important projects such as the construction of cement plants).</p> <p>The Company also plans to expand the participation of senior managers in the Group's operations through job rotations and assignments, in order to develop the ability to formulate strategies and macroscopic vision, and to familiarize them with the operations of the Board of Directors. In the midst of the corporate group's transformation, the Company has also assigned executives and reserve talents at various levels to execute overseas new business preparation projects to cultivate their cross-disciplinary functions.</p> <p>b. Key Management Levels The Company attaches importance to the development of human re-sources at all levels and has established a management succession plan.</p> <p>Our management succession plan (including the development of talent reserves) is based on cross-company "unit rotation/experiential learning" and "project assignment" within the corporate group to strengthen the functions of operational decision-making thinking and development of strategic partnerships.</p>	

Evaluation Item	Implementation Status (Note)			Deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			The duration of the program for each key position is divided into three categories: one (inclusive) to three years, three (inclusive) to five years, and five (inclusive) years or more, and personal development plans are promoted according to the nature of their duties, through which trainees are able to integrate and utilize various resources to develop their abilities in line with the management philosophy. At the same time, the Human Resources Division will plan courses to strengthen management functions in order to prepare talents at all levels to assume important management positions in the future. The courses include but are not limited to supervisory roles and team building, goal management and annual planning, efficient communication and teamwork, performance interview and employee motivation, effective communication, teamwork and sensitivity training etc.	

9. Summary of Improvements as a result of the latest Corporate Governance Evaluation regulations announced by Taiwan Stock Exchange.

No.	Items of Corporate Governance Evaluation	Implementation and Improvement
1.6	Did the Company hold the AGM before the end of May?	The 2023 General Shareholders' Meeting will convene on May 30, 2023.
3.4	Did the Company file its audited annual financial report within 2 months from the end of the fiscal year?	The Company is capable of self-preparing its financial report within two months. Due to the Company's important invested company using equity method is not a public company, which financial statements need to be converted into IFRS and schedule needs to cooperate with progress of listed company. The Company is continuously communicate and coordinate with the invested company and its audit team, and set the completion of announcement and filling the financial report within two months as recent objective.
4.12	Did the Company set management policies for reduction of greenhouse gas (GHG) emissions, water use, or other waste/pollutants, including reduction targets, promotion measure and achievement status?	In June 2022, the Company completed the combined statement of Greenhouse Gas Inventories and passed the external reviews for all its business locations and subsidiaries in Taiwan. It is anticipated that in 2023, the completion of scope of inventory will expand to overseas business locations and at the same time to continuously implement operation of energy management system. In 2030, target of Net Zero carbon emissions shall be achieved for offices of all business locations.

Note: State a brief description in the Abstract Explanation column regardless whether yes or no is selected.

Table 1: Diversified Capabilities of the Directors

Title	Name	Nationality	Gender	Seniority as the Director of the Company	Diversified Capabilities							
					Accounting, Finance and Legal Affairs	Risk Management	Business Management	Global Marketing	Investment and M&A	Hospitality Services	Information Technology	Sustainability Management
Chairman	Jason K. L. Chang	ROC	M	22 years	✓	✓	✓	✓	✓	✓	✓	✓
Director	Chi-Te Chen	ROC	M	31 years	✓	✓	✓	✓	✓			✓
	Pan Howard Wei-Hao	USA	M	10 years	✓	✓	✓	✓	✓		✓	✓
	I-Cheng Liu	ROC	M	3 years	✓	✓	✓	✓	✓		✓	✓
Independent Director	Robert K. Su	ROC	M	7 years	✓	✓	✓	✓	✓			✓
	Pao-Chu Lin	ROC	F	0.5 year	✓	✓	✓	✓	✓			✓
	Kevin Kuo-I Chen	ROC	M	0.5 year	✓	✓	✓	✓				✓

3.4.4 Composition, Responsibilities, and Operation of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Role	Name	Criteria		
		Professional qualification and experiences	Independent criteria (Note 1)	Number of members who are concurrently members of the compensation and remuneration committees of other public offering companies
Independent Director (Convenor)	Robert K. Su	Please refer to 3.2.1 Directors and Management Team for related information.	Please refer to 3.3.1 Remuneration of Directors and Independent Directors for related information.	1
Independent Director	Pao-Chu Lin			0
Other	Chi-Lin Wea	Experienced in commerce, legal, finance, accounting, and related work experiences for Group's business needs PhD, Economics, University of Paris, France Chairman of IBF Financial Holdings Co., Ltd. Director of Chung Hsin Bills Finance Corporation	Received a total of NTD 1,105,000 compensation for providing business, legal, financial, accounting and other services to the Company or its affiliates in the most recent two years.	3

Note 1: All remuneration committee members satisfy the following criteria:

- (1) The member's (including but not limited to), spouse, and relatives within 2nd degree kinship do not serve as directors, supervisors or employees of the Company or its affiliated companies.
- (2) The member, member's spouse, and relatives within 2nd degree kinship do not use others to hold their shares of the Company.
- (3) The member does not serve as a director, supervisor or employee of a company with specific relationship of the Company as specified by Provisions of Article 6, Paragraph 1, Subparagraphs

5 to 8 of the Measures for the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of Companies Listed on the Stock Exchange or Trading at the Business Office of a Securities Firm.

Responsibilities of the Remuneration Committee

The responsibilities of the Remuneration Committee are to assess the salary and remuneration policies and systems of the directors and managers of the Company from a professional and objective position, and make recommendations to the Board of Directors for reference in their decision-making.

Authorities of the Remuneration Committee

The Remuneration Committee shall, with duty of good care, faithfully perform the following duties and submit its recommendations to the Board of Directors for discussion:

1. Set up and regularly review the policies, systems, criteria and structures of the performance evaluation and remuneration for the Company's directors, independent directors, and managers.
2. Regularly review remuneration of the Company's directors, independent directors, and managers.

2. Operation of the Remuneration Committee

- (1) There are 3 members in the Remuneration Committee.
- (2) Term of office for the committee: June 14, 2022 to June 13, 2025. The Remuneration Committee met 4 times (A) during the latest year. On June 14, 2022, Director Chia-Shen Chen resigned from his position as a committee member following the director re-election. The membership qualification and attendance status of the committee are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate in Person (%) (B / A) (Note)	Remarks
Convener	Robert K. Su	4	0	100%	Re-elected on June 14, 2022.
Member	Chi-Lin Wea	4	0	100%	Re-elected on June 14, 2022.
Member	Pao-Chu Lin	2	0	100%	Re-elected on June 14, 2022.
Member	Chia-Shen Chen	2	0	100%	Resigned on June 14, 2022.

Other mentionable items:

1. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
2. If resolutions of the Remuneration Committee were objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Note: (1) If any member of the Remuneration Committee left before the end of the year, the date of resignation shall be disclosed. Attendance rate in person (%) shall be calculated based on the number of meetings the member attended divided by the total number of meetings during his/her term of office of.

(2) If there was re-election for members of the Remuneration Committee before the end of the year, the names of both the former and current members shall be listed and specify whether the members are former, new, or re-elected, as well as the date of the election shall be disclosed. Attendance rate in person (%) shall be calculated based on the number of meetings the member attended in person divided by the total number of meetings during his/her term of office.

Motions Discussed and Resolution Status of the Remuneration Committee were as follows:

Meeting Date	Members Attended	Content of Motion	Avoidance of Motion in Conflict of Interest	Discussion & Resolution Status
03/02/2022 14 th Meeting of The 4 th Term	Chia-Shen Chen, Robert K. Su, Chi-Lin Wea	Proposal for the allocation of director and employee compensation for 2021.		Unanimously resolved and proposed to Board of Directors for resolution.
		Distribution of Director compensation for 2021.		Unanimously resolved and proposed to Board of Directors for resolution.
		Distribution of executive compensation (including employees) for 2021.		Unanimously resolved and proposed to Board of Directors for resolution.
04/19/2022 15 th Meeting of The 4 th Term	Chia-Shen Chen, Robert K. Su, Chi-Lin Wea	Approve executive compensation proposal.		Unanimously resolved and proposed to Board of Directors for resolution.
06/29/2022 1 st Meeting of The 5 th Term	Robert K. Su, Chi-Lin Wea, Pao-Chu Lin	Proposal for compensation and attendance fees for newly elected Directors.		Unanimously resolved and proposed to Board of Directors for resolution.
		Proposed compensation and attendance fees for members of the current term Remuneration Committee.	No substantive review based on avoidance of interest	All members attended in person but recused themselves from discussion and voting and submitted to the Board of Directors for resolution.
		Proposal for the appointment of President		Unanimously resolved and proposed to Board of Directors for resolution.
		Review of executives Compensation Proposal.		Unanimously resolved and proposed to Board of Directors for resolution.
		Review and handling of remuneration for Directors and Supervisors of affiliated companies and external investment Projects for 2021.		Unanimously resolved and proposed to Board of Directors for resolution.

Meeting Date	Members Attended	Content of Motion	Avoidance of Motion in Conflict of Interest	Discussion & Resolution Status
12/28/2022 2 nd Meeting of The 5 th Term	Robert K. Su, Chi-Lin Wea, Pao-Chu Lin	2022 proposal of year end bonus amount recommendation for Directors and executives (include employees)		Unanimously resolved and proposed to Board of Directors for resolution.
		Proposal to distribute additional compensation to Directors for the Lunar New year of 2022.		Unanimously resolved and proposed to Board of Directors for resolution.
		Proposal to distribute additional compensation to members of the Remuneration Committee for the Lunar New year of 2022.	No substantive review based on avoidance of interest	All members attended in person but recused themselves from discussion and voting and submitted to the Board of Directors for resolution.

3.4.5 Promotion of Sustainable Development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Promotion Item	Implementation Status (Note 1)			Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	✓		<p>1. In order to comply with international trends and the needs of sustainable development, and to respond to the important issues of concern to various stakeholders, the Company has established the sustainable development committee at the 441st board meeting (12/14/2021). In addition to the functions of the original corporate governance organization established back in 2019 (such as risk management, corporate social responsibility and corporate governance, etc.) are included in the sustainable development committee for continuous operation, and sustainable development office is set up to undertake and promote sustainable planning. .</p> <p>2. Please refer to Section 3.4.8 of the Annual Report for the composition, professional competence and diversity information of the members of the Sustainable Development Committee.</p> <p>3. Functions of the Sustainable Development Committee:</p> <p>(1) Integrate the corporate culture and important sustainable development issues in the future, and formulate the mission, vision and development policy.</p> <p>(2) Review the implementation and effectiveness of the Company's sustainable development, and report to the board of directors on a regular basis.</p> <p>(3) Focus on the important issues of concern to various stakeholders and supervise the communication plan.</p> <p>(4) Other matters resolved by the board of directors to be handled by the committee.</p>	None

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons												
	Yes	No	Abstract Explanation													
			<p>4. The Company's corporate governance organization (now renamed the Sustainable Development Office) has regularly reported to the board of directors the implementation of various sustainable development (including corporate social responsibility) projects since 2020.</p> <p>The 2022 operation status is reported as follows:</p> <table><tr><th>Date</th><th>BOD</th><th>Report Content</th></tr><tr><td>05/03/2022</td><td>444th</td><td>Corporate Group Greenhouse Gas Inventory and Verification Schedule</td></tr><tr><td>11/04/2022</td><td>448th</td><td>Intellectual property, etc.</td></tr><tr><td>12/14/2022</td><td>449th</td><td>a. Tmplementatation Progress of the Sustainable Development Roadmap. (Divided into four main axes - responsible business, sustainable operation, strengthening partnership, promoting social inclusion and other implementation results) b. Progress of Greenhouse Gas Inven-tory and Verification. c. Information security risk project d. Information security implementation status</td></tr></table>	Date	BOD	Report Content	05/03/2022	444 th	Corporate Group Greenhouse Gas Inventory and Verification Schedule	11/04/2022	448 th	Intellectual property, etc.	12/14/2022	449 th	a. Tmplementatation Progress of the Sustainable Development Roadmap. (Divided into four main axes - responsible business, sustainable operation, strengthening partnership, promoting social inclusion and other implementation results) b. Progress of Greenhouse Gas Inven-tory and Verification. c. Information security risk project d. Information security implementation status	
Date	BOD	Report Content														
05/03/2022	444 th	Corporate Group Greenhouse Gas Inventory and Verification Schedule														
11/04/2022	448 th	Intellectual property, etc.														
12/14/2022	449 th	a. Tmplementatation Progress of the Sustainable Development Roadmap. (Divided into four main axes - responsible business, sustainable operation, strengthening partnership, promoting social inclusion and other implementation results) b. Progress of Greenhouse Gas Inven-tory and Verification. c. Information security risk project d. Information security implementation status														
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)	✓		<p>1. The Company's risk management policy was approved by the 434th meeting of the board of directors on 12/15/2020. It established a risk management framework, assessed risk identification and management in all aspects, and adopted relevant risk response measures and control activities.</p> <p>2. Based on the demand for sustainable development, the Sustainable Development Committee was established at the 441st Board of Directors' Meeting (12/14/2021), and risk management was included as one of the important functions of the Office of Sustainable Development.</p> <p>3. The progress of risk management was reported in the 449th Board of Directors' Meeting (12/14/2022), and the scope of the assessment includes the Company and its significant subsidiaries.</p> <p>The risk management implementation status is reported as follows:</p> <table><tr><th>Major Issues</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td rowspan="3">Environmental</td><td>Sea level rise risk</td><td>1.. Establish a database of sea level monitoring of existing assets 2.. Include sea level rise risk in investment case evaluation</td></tr><tr><td>National policy change risk</td><td>Expand the scope of carbon inventory, complete more than 90% coverage by the end of 2023, introduce SBTi and set carbon reduction targets</td></tr><tr><td>Risk of changes in operating environment</td><td>Please refer to the ESG's risk management website https://www.chcgroup.com.tw/en/%e9%a2%a8%e9%9a%aa%e7%ae%a1%e7%90%86-en/?lang=en for the relevant strategies to address the risks of significant changes in the business environment iden-tified by the Group. Including raw materials and real estate downturn, exchange rate, customer complaints and Taiwan Strait geopolitical risks...etc.</td></tr></table>	Major Issues	Risk Assessment Items	Description	Environmental	Sea level rise risk	1.. Establish a database of sea level monitoring of existing assets 2.. Include sea level rise risk in investment case evaluation	National policy change risk	Expand the scope of carbon inventory, complete more than 90% coverage by the end of 2023, introduce SBTi and set carbon reduction targets	Risk of changes in operating environment	Please refer to the ESG's risk management website https://www.chcgroup.com.tw/en/%e9%a2%a8%e9%9a%aa%e7%ae%a1%e7%90%86-en/?lang=en for the relevant strategies to address the risks of significant changes in the business environment iden-tified by the Group. Including raw materials and real estate downturn, exchange rate, customer complaints and Taiwan Strait geopolitical risks...etc.	None		
Major Issues	Risk Assessment Items	Description														
Environmental	Sea level rise risk	1.. Establish a database of sea level monitoring of existing assets 2.. Include sea level rise risk in investment case evaluation														
	National policy change risk	Expand the scope of carbon inventory, complete more than 90% coverage by the end of 2023, introduce SBTi and set carbon reduction targets														
	Risk of changes in operating environment	Please refer to the ESG's risk management website https://www.chcgroup.com.tw/en/%e9%a2%a8%e9%9a%aa%e7%ae%a1%e7%90%86-en/?lang=en for the relevant strategies to address the risks of significant changes in the business environment iden-tified by the Group. Including raw materials and real estate downturn, exchange rate, customer complaints and Taiwan Strait geopolitical risks...etc.														

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons												
	Yes	No	Abstract Explanation													
			<table><tr><th>Major Issues</th><th>Risk Assessment Items</th><th>Description</th></tr><tr><td rowspan="2">Society</td><td>Talent Recruitment</td><td rowspan="2">We emphasize employee relations and talent development, and create a friendly workplace environment.</td></tr><tr><td>Talent Retention</td></tr><tr><td rowspan="2">Corporate Governance</td><td>Legal Compliance</td><td>Through the establishment of a governance organization and the implementation of internal control mechanisms, the Company ensures that all employees and operations comply with the relevant laws and regulations.</td></tr><tr><td>Information and Communication Security</td><td>1.. Continuously conduct information security promotion to employees to enhance their awareness of information security. 2.. Establish company information security policy, create information security measures, and implement related information security operations.</td></tr></table>	Major Issues	Risk Assessment Items	Description	Society	Talent Recruitment	We emphasize employee relations and talent development, and create a friendly workplace environment.	Talent Retention	Corporate Governance	Legal Compliance	Through the establishment of a governance organization and the implementation of internal control mechanisms, the Company ensures that all employees and operations comply with the relevant laws and regulations.	Information and Communication Security	1.. Continuously conduct information security promotion to employees to enhance their awareness of information security. 2.. Establish company information security policy, create information security measures, and implement related information security operations.	
Major Issues	Risk Assessment Items	Description														
Society	Talent Recruitment	We emphasize employee relations and talent development, and create a friendly workplace environment.														
	Talent Retention															
Corporate Governance	Legal Compliance	Through the establishment of a governance organization and the implementation of internal control mechanisms, the Company ensures that all employees and operations comply with the relevant laws and regulations.														
	Information and Communication Security	1.. Continuously conduct information security promotion to employees to enhance their awareness of information security. 2.. Establish company information security policy, create information security measures, and implement related information security operations.														
3. Environmental issues (1) Does the Company establish proper environmental management systems based on the characteristics of the Company's business operations?	✓		In terms of environmental management system, the Company conducts environmental management through ISO international standards such as greenhouse gas inventory and energy management systems. For example, in 2022, all Taiwan locations of the Group has passed the third-party verification of ISO 14064-1 greenhouse gas inventory. Headquarter also has passed the third-party verification of ISO 50001 energy management system and ISO 14001 environmental management system (energy management system validity period: 11/7/2021 - 11/7/2024, environmental management system validity period: 2022/12/7 - 2025/12/6). And publicly disclosed in the sustainability report and the Company's website: (http://www.chcgroup.com.tw). Starting from 2023, the scope of greenhouse gas inventory will be gradually expanded from headquarter to operating entities of the Group. In addition, for each investment, the Company also establishes appropriate environmental management systems according to the characteristics of the industry. The postpartum care center is following the WELL Building Standard™ (has obtained the WELL platinum certification in 2020), the newly built Hotel Collective in Okinawa is following LEED standard for green building (Has obtained LEED Certification in 2021).	None												
(2) Does the Company endeavor to improve energy efficiency and to utilize renewable resources to reduce their impact on the environment?	✓		1. The Company is committed to improving the efficiency of energy use. In 2021, the headquarters building introduced the ISO 50001 energy management system, and formulated energy and environmental policies to support environmentally friendly and energy-efficient products, promote the rationalization of energy use and distribution, promote energy conservation and energy improvement in multiple ways, deepen employees' awareness of energy saving and maintain a sustainable operation. In addition to promoting various daily energy-saving behaviors internally, plans for energy-saving and equipment replacement are scheduled each year. For example, in	None												

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			<p>2020, we improved the replacement of air-conditioning water pumps in CHC Second Building, and reduced the electricity consumption of air-conditioning by 46,815 kWh. The average annual electricity saving rate reached 2.02%, reaching the planned electricity saving target of 1%. In 2021, the power saving plan was implemented, and the centrifuge in the Second Building was improved and replaced with a screw compressor. The investment amounted was around 2.9 million NTD to reduce the power consumption of air conditioners. The efficacy of energy saving measures was about 103,000 kWh, and the average annual power saving rate reached 2.11%, exceeding the planned annual power saving target rate of 1% per year.</p> <p>From 2018 to 2021, the average annual power saving rate in each year was 2.48%, 2.21%, 2.02%, and 2.11%, respectively. The average annual power saving rate in the four years exceeded the expected power saving target in the original four-year plan.</p> <p>In the future (2022), we will continue to promote internal energy-saving behaviors among employees, and improve large-scale equipment or operation methods, such as improving the use of frequency conversion control for cooling water towers, and reduce electricity consumption such as air conditioning or lighting. It is estimated that the annual electricity saving rate will be 1.3% in 2022.</p> <p>2. In addition, in order to reduce the impact of environmental load, the Company attaches great importance to the utilization efficiency of resources. For hospitality services such as restaurants operated by the Group, the use of disposable tableware and the use of conservative animal and plant ingredients are rejected.</p> <p>The overseas hotel development projects, on the other hand, reduce the impact to the environment through LEED green building related environmental protection measures such as energy conservation and water resources saving.</p>	
(3) Does the Company assess the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		<p>The Company takes the Sustainable Development Committee as the highest organization for climate change management, reviews the policies and objectives of climate change management, and supervises the relevant implementation progress of the climate change team. The Company has completed the identification of risks and opportunities related to climate change, and has conducted a matrix and response plan for it. The Company will extend this foundation and, under the guidance of external professional consultants, establish and develop a situational impact model and management system for climate change, and regularly review and evaluate the related risks.</p>	None

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company monitor the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water consumption, or other waste management?	✓		<p>The Company's statistics include the water consumption, total waste weight, and greenhouse gas emission in the past two years. In order to save energy and reduce carbon footprint, the Company will set annual goals to implement water and electricity conservation policies. Please refer to the "Environment Management" section of the Company's 2021 sustainability report.</p> <p>(1) Greenhouse gas: The Company calculates greenhouse gas emissions through ISO 14064-1. (The following carbon dioxide equivalent units: metric tons) 2022 : Inventory of all Taiwan locations for the Group Category 1: 209.1565 Category 2: 4007.1970 Category 3: 1353.9461 The scope of the 2023 inspection will expand to all overseas operating bases of the Group: the inspection is expected to be completed in June 2023, and will be disclosed in the sustainability report or the official website of the Group.</p> <p>(2) Water consumption: *Statistical scope: Chia Hsin Building (including all tenants), Taipei Port No. 1 Bulk Cargo Center, Taichung Port Cement Storage and Transportation Station, Keelung Port Cement Storage and Transportation Station. 2020: 72,608 degrees/liter 2021: 89,628 degrees/liter</p> <p>(3) Waste: *Statistical category: same as above (2) 2020: 183.07 metric tons of general waste 108 metric tons of business waste 2021: General waste 196.38 metric tons Business waste 58.2 metric tons</p> <p>Verification obtained from greenhouse gas inventory: ISO 14064-1:2018. The year of acquisition is April 2021 (scope of inspection: office activities of the headquarter of CHC Building; period covered by inspection: January to December 2020) It is expected that the inventory and verification will be completed in June 2023 (the scope of the inventory: expanded to all domestic and overseas bases of the Group; the period covered by the inventory: January to December 2022). For relevant policies on greenhouse gas reduction, water reduction or other waste management (including base year data, reduction targets, promotion measures and achievement status, etc.), please refer to the environmental chapter of the latest sustainability report or the official website of the Group. (https://www.chcgroup.com.tw ESG Environment Sustainability Section)</p>	None

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Group is committed to safeguard the basic human rights of employees, recognizes and supports international human rights standards such as "The UN Global Compact", "United Nations Universal Declaration of Human Rights" and "International Labor Organization Declaration on Fundamental Principles and Rights at Work", and formulates human rights policies accordingly, which focuses on the implementation of diverse and inclusive workplaces and ensuring equal job opportunities, smooth communication channels, providing a safe and healthy working environment, personal data protection. Review and evaluation of human rights related systems and actions has been conducted in a regular basis. The policy was signed and implemented by the chairman in January 2020.	None
(2) Does the Company have reasonable employee benefits measures (including salaries, leave, and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	✓		<p>Employee welfare measures:</p> <p>The Company has reasonable employee welfare measures: The working hours and vacations of employees are detailed in the Company's "Working Rules", which are in compliance with "Labor Standards Act", "Regulations of Leave-Taking of Workers", "Act of Gender Equality in Employment".</p> <p>The Company provides group insurance for employees, provides childcare welfare subsidies to serve employees with children under 12 years of age, and regularly allocates funds to the "Employee Welfare Committee" to provide employees with appropriate care in various aspects.</p> <p>Workplace Diversity and Inclusion and Compensation System:</p> <p>The Company does not differently treated or discriminate in any form due to gender (including sexual orientation), age, marriage, physical and mental disabilities, etc. of employees, and provides equal pay for equal work and equal promotion opportunities. There are "Employee Compensation Management Measures", in which regulations related to employees' salaries are reasonably stated. There are also "Performance Management Method", "Year End Bonus Distribution Method", "Employee Compensation Distribution Method", and "Employee Promotion Method" as bases for employee assessments, and to determine the amount of bonuses/employee compensation based on business performance and employee performance. The results of employee performance evaluation is also connected to promotion qualification.</p>	None

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		<p>The Company follows the regulations of occupational safety and health related laws and regulations, takes disaster prevention and disaster prevention as the core concept, and aims to achieve zero disasters, so as to build a healthy and joyful workplace.</p> <p>In 2022, the Company has zero occupational disaster.</p> <p>The Company's machinery and equipment are subject to detailed inspections in accordance with the law to ensure the user safety.</p> <p>The Company provides employee health checks every year which are beyond legal requirements, and arranges on-site occupational nurses to conduct interviews to guide and analyze employee health.</p> <p>The Company has set up a staff sports center, provides various fitness facilities, and is equipped with automatic external defibrillator (AED) and blood pressure monitors and other equipment, and regularly arranges all employees to conduct safety education and training such as CPR and AED first aid and fire drills. Health seminars are held irregularly to help employees adjust their body and mind and relieve stress.</p> <p>The Company verification status: Safe Place Certification, Healthy Startup Badge, Health Promotion Badge, Sports Business Certification.</p>	None
(4) Does the Company provide its employees with career development and training sessions?	✓		<p>The Company has established "Education and Training Management Measures" to train employees in the skills required for career development., conducts talent inventory and job work analysis to confirm the needs of colleagues at all levels and departments in terms of professional and general functions every 1-2 years.</p> <p>During the annual performance interview, the heads of each department are invited to discuss the personal development plan with the employees, and prepare the relevant budget according to the proposed needs, and implement the adjustment and implementation.</p> <p>In 2022, the Company introduced two online learning platforms to provide employees with multiple learning channels.</p>	None

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of its products and services, and implement relevant consumer or client protection policies and grievance procedures?	✓		The Company complies with relevant laws and regulations to ensure consumer rights. The Company has a customer service mailbox and a dedicated customer service line, which are clearly displayed on the Company's website.	None
(6) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational safety and health, or labor and human rights? If so, describe the results.	✓		<p>【Supplier Management Policy】</p> <p>In recent years, the Company has actively promoted transformation and developed into service businesses such as hospitality and health care. There is no factory to manufacture cement in the original cement business entity, and it only plays the role of re-distribution. Therefore, the management of suppliers is not factory oriented.</p> <p>The Company formulated the supplier management policy in 2020, and promulgated the Company's subsidiaries to comply. Focusing on green procurement principles such as energy conservation, environmental protection and environmental sustainability, requires suppliers to also focus on human rights and labor rights and not to use child labor. At the same time, the Company attaches great importance to the integrity of suppliers' operation and compliance with corporate social responsibility commitments. Suppliers are required to sign "Integrity Commitment" and "Corporate Social Responsibility Commitment". And according to the type of suppliers, to regularly conduct supplier evaluation/self-evaluation, supplier coaching/education, and supplier performance evaluation. In 2022, the Company also provided training courses on integrity management and anti-corruption education to key suppliers to emphasize and deepen the principles of integrity management and clean procurement of the Group. In the future, in addition to continuing to promote the importance of suppliers' actions in terms of sustainability, suppliers will be required to abide by the principles of labor rights, integrity management, and green procurement through various contracts.</p>	None

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons						
	Yes	No	Abstract Explanation							
			<p>【 Implementation of Supplier Management Policies and Relevant Specifications 】</p> <table><tr><td>Supplier Evaluation/Self-Assessment/Performance Evaluation</td><td><ul style="list-style-type: none">- In 2022, we incorporated environmental sustainability, labor rights, and integrity into our supplier evaluations.- In 2022, an annual evaluation of suppliers will be conducted on the quality, delivery time, cooperation degree, price, integrity management, labor and human rights, green purchasing etc. of suppliers of cement and packag-ing paper bags, and the implementation ratio is 100%- 21 suppliers of Central kitchen suppliers have completed supplier evaluation in 2022.</td></tr><tr><td>Supplier mentoring or education</td><td><ul style="list-style-type: none">- 2022 arranged for suppliers to attend the supplier education course on integrity management on 11/11 and 12/8, and 9 suppliers attended.- 2022 Arrange for energy management staff to attend 2 energy management education courses.</td></tr><tr><td>Engineering contracts or other supplier contracts</td><td><p>In 2022, will continue to require suppliers to abide by the principles of labor rights, business integrity, and green procurement through various contracts.</p><p>The Company values the integrity of its suppliers and therefore selects suppliers in accordance with the Code of Conduct on Integrity, and requires suppliers of a certain amount to sign the "Integrity Pledge", "Confidentiality Pledge" and "Supplier's Commitment to Social Responsibility".</p></td></tr></table> <p>The above management policies and implementation are published on the Company's official website "Supplier Management" (https://www.chcgroup.com.tw Supplier Management Section)</p>	Supplier Evaluation/Self-Assessment/Performance Evaluation	<ul style="list-style-type: none">- In 2022, we incorporated environmental sustainability, labor rights, and integrity into our supplier evaluations.- In 2022, an annual evaluation of suppliers will be conducted on the quality, delivery time, cooperation degree, price, integrity management, labor and human rights, green purchasing etc. of suppliers of cement and packag-ing paper bags, and the implementation ratio is 100%- 21 suppliers of Central kitchen suppliers have completed supplier evaluation in 2022.	Supplier mentoring or education	<ul style="list-style-type: none">- 2022 arranged for suppliers to attend the supplier education course on integrity management on 11/11 and 12/8, and 9 suppliers attended.- 2022 Arrange for energy management staff to attend 2 energy management education courses.	Engineering contracts or other supplier contracts	<p>In 2022, will continue to require suppliers to abide by the principles of labor rights, business integrity, and green procurement through various contracts.</p> <p>The Company values the integrity of its suppliers and therefore selects suppliers in accordance with the Code of Conduct on Integrity, and requires suppliers of a certain amount to sign the "Integrity Pledge", "Confidentiality Pledge" and "Supplier's Commitment to Social Responsibility".</p>	
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Engineering contracts or other supplier contracts	<p>In 2022, will continue to require suppliers to abide by the principles of labor rights, business integrity, and green procurement through various contracts.</p> <p>The Company values the integrity of its suppliers and therefore selects suppliers in accordance with the Code of Conduct on Integrity, and requires suppliers of a certain amount to sign the "Integrity Pledge", "Confidentiality Pledge" and "Supplier's Commitment to Social Responsibility".</p>									
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the Company, such as corporate sustainability reports? Do the reports above obtain assurance from a third party verification unit?	✓		<p>The Company compiles the sustainability report with reference to the internationally accepted reporting standards to disclose the Company's non-financial information. For the Company's 2021 Sustainability Report, BSI British Standards Institution is the third-party verification unit to provide AA1000 moderate assurance. The Company's 2022 Sustainability Report will still be verified by a third party and apply for relevant assurance or assurance opinions.</p>	None						

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

6. Describe the difference, if any, between the actual practice and the Principles, if the Company has implemented its sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies":

The Company established the "Corporate Social Responsibility Policy" in March 2015 in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". Further in May 2020, based on the newly revised "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" the Company has formulated the "Code of Practice for Corporate Social Responsibility" to replace the original policy. The "Code of Practice for Corporate Social Responsibilities" was revised and renamed to "Code of Practice for Sustainable Development" and was submitted to the board meeting for review and approved on March 2022. At present, the Company's operations are implemented in accordance with the established code of practice, thus there is no difference.

7. Other important information to facilitate better understanding of the Company's sustainable development practices:

- (1) The Company is dedicated to build a happy workplace. In response to the outbreak of the COVID-19 in 2021, the Company adopted a remote work policy during the severe epidemic period and maintained a flexible commuting system after returning to the workplace.
- (2) The Group has designated the year of 2021 as the employee health commencing year, and encouraged colleagues to participate in health management activities held in the Zhongshan Health Center, as well as continuously conducted employee health check and arranged for free flu vaccination in 2022.
- (3) Continued to support Epoch Foundation for the Garage + program from 2014 by providing free premises to startups for office use. The rental fees and management fees subsidized are approximately 5 million NTD per year to assist young people in entrepreneurship, thus increasing the employment rate. Due to the remarkable outcome of the case, the Company decided to expand the scale. The area of office premises provided was increased in August 2020, and the annual subsidy for rental fees increased to approximately 7.5 million NTD.
- (4) In 2022, the Company donated 100,000 NTD to Jieh Huey Social Welfare & Charity Foundation to care for the disadvantaged and disabled in rural areas.
- (5) In 2022, the Chia Hsin Foundation awarded \$8.72 million in scholarships to students from underprivileged families with excellent academic performance. In addition, a new scholarship of \$600,000 were awarded starting from 2022 to encourage new generations to face the challenges of this century and take practical action on issues related to sustainable development, such as environmental protection and recycling economy.
- (6) The Group is committed to the youth development. For 2 consecutive year, was invited to participate in the "2022 Sustainability Hackathon" jointly organized by seven universities including Feng Chia University, Asia University and China Medical College. The proposition was provided to students for brainstorming and came out with business proposals. The Group sponsored 40,000 NTD as competition prize thus strengthen the interaction with students.
- (7) The Group actively introduce international quality certification standards related to environmental sustainability to new business projects. For example, Hotel Collective is applying for LEED green building certification, aiming to thoroughly managed water, energy, and waste recycling; The domestic postpartum care center, on the other hand, followed the WELL Building Standard™ specification, by following the ten concepts in WELL including air, water, nourishment, light, movement, thermal comfort, sound, materials, mind, and community has developed the most suitable living environment for healthy living, and has obtained WELL Platinum certification in September 2020. The central kitchen has passed HACCP and ISO22000 dual certification after the construction completed in 2019.
- (8) The new corporate website was launched in November 2022, emphasizing transparent governance, information disclosure and stakeholder communication.

Promotion Item	Implementation Status (Note 1)			Deviations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

(9) Key Sustainability Achievements in 2022 :

- Awarded the "Sports Enterprise Certification" by the Ministry of Education Sports Department again.
- 2022 Taipei City Zero Carbon Benchmarking Award, Superior Award in the Industrial and Commercial A Category.
- Join and advocate "TALENT, in Taiwan" Taiwan Talent Sustainability Action Alliance.
- Listed in the Little Giant Group of the "Excellence in Corporate Social Responsibility Citizenship Awards"

Note 1: If tick "Yes" for the implementation situation, describe specifically the important policies, strategies, measures and implementation situations adopted; if tick "No" for the implementation situation, state any deviations of such implementation from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", and explain the circumstances and reasons for the deviations, and describes plans to adopt relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to those who have a significant impact on the Company's investors and other stakeholders in relation to environmental, social and corporate governance issues.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

3.4.6 Task force on climate-related financial disclosures status report

1. Climate-related information and implementation

Item	Implementation
1. Clarify the board of directors' oversight of climate-related risks and opportunities.	1. In order to comply with international trends and the needs of sustainable development, the Company has established the Sustainable Development Committee at the 441 st Board meeting (12/14/2021) and sustainable development office is set up to undertake and promote sustainable planning. The Company takes the Sustainable Development Committee as the highest organization for climate change management, reviews the policies and objectives of climate change management, and supervises the relevant implementation progress of the climate change team. The Sustainable Development Committee passed a resolution process to join TCFD Supporter and SBTi campaign in 2022, and formally signed and participated as TCFD Supporter in December 2022.
2. Clarify the impact of climate-related risks and opportunities on organization's business, strategies and finance (short-term, mid-term and long-term)	2. The Company completed the identification of climate-related risks and opportunities including risks related to physical and transition impact. According to the magnitude and timing (short-term, mid-term and long term) of impact on operation, the Company develop a matrix table on climate change and opportunities for planning strategy on various risks and opportunities.
3. Clarify the impact of extreme weather events and climate-related transition on organization's financial implication.	3. The Company develop strategic plan and estimate financial implication of operation, assets and finance according to climate-related physical and transition risks.

Item	Implementation
4. Clarify how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risks management.	4. Integrated with procedure and method of climate-related risks identifying and the Company's risk management mechanism into comprehensive risk management. Identified climate-related risks are incorporated into the report of risk management and will continue to establish and oversight management framework.
5. Details shall be given under scenario analysis to assess climate-related risks and resilience including scenario, critical parameters, assumptions, analytical choices and main financial impact.	5. The initial scenario analysis is evaluated and financial impact is calculated according to climate-related estimated data base. The Company will continue to deepen the modeling and provide insight report under professional consultant.
6. Describe the details of transition plan if is under climate-related risks, and the process for identifying and managing the indicators and targets of physical and transition risks.	6. In order to comply with managing climate-related risks, the Company's transition plans mainly including replacement of energy saving equipment and evaluation of developing renewable energy, and the Company will continue to assess plans to respond to climate-related risks of transition.
7. Details shall be given if using internal carbon price as a planning tool.	7. Internal carbon price is not yet evaluated and will be continued to seek and assess the regulation needed on carbon pricing.
8. If setting climate-related goal, details shall be given including coverage activities, scope of greenhouse gas emissions, schedule of the planning project and yearly progress report. If using carbon offset or RECs as a tool to achieve the goal, details shall be given including resources and carbon credits or volumes of RECs.	8. The Company and subsidiaries included in the consolidated financial statements, completed the GHG inventory verification and accreditation by accredited third-party in the year of 2022. According to the result, the coverage rate achieved to 92% (see table below), and will be achieved to 100% in 2023. Meanwhile, the Company will continue to implement energy and environment managing system at all operating bases to obtain electricity usage status and replace old equipment to increase energy efficiency. The Company also set 2030 as the mid-term target for Net Zero in the office; moreover, project of solar panel installation is undergoing and would generate around 1.2 million kWh per year from the year of 2025.
9. GHG Inventory verification and accreditation (Schedule 1-1)	9. GHG inventory verification and accreditation please see schedule 1-1.

1-1 GHG Inventory Verification and Accreditation

<p>Company information</p> <p><input checked="" type="checkbox"/> Capital over NTD 10 billion, Steel Manufacturing, Cement Manufacturing</p> <p><input type="checkbox"/> Capital within 5-10 billion</p> <p><input type="checkbox"/> Capital below NTD 5 billion</p>	<p>Disclosure items according to sustainable development roadmap</p> <p><input checked="" type="checkbox"/> Individual verification of Parent company</p> <p><input checked="" type="checkbox"/> Individual verification of Subsidiaries included in consolidated financial report</p> <p><input checked="" type="checkbox"/> Individual accreditation of Parent company</p> <p><input checked="" type="checkbox"/> Individual accreditation of Subsidiaries included in consolidated financial report</p>
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Category 1 (Note 1)	Emissions (Tonnes -CO ₂ e)	Intensity (Tonnes -CO ₂ e/1 million) (Note 2)	Accre- ditation Institution	Description
Parent company	11.4735	0.0056	The British Standards Institution (BSI)	<p>The Company engaged BSI Taiwan Branch to conduct external verification of 2021 greenhouse gas emission and assure the following:</p> <ol style="list-style-type: none"> 1. Principle of verification: ISO 14064-1:2018 2. Boundaries of verification: Chia Hsin Group (Note3) 3. Level of assurance: External assurance of 2021 is reasonable level of assurance. 4. Materiality level: Materiality threshold is 5%
Subsi- diaries	197.6830	0.0968		
Total	209.1565	0.1024		
Category 1 (Note 1)	Emissions (Tonnes -CO ₂ e)	Intensity (Tonnes -CO ₂ e/1 million) (Note 2)	Assurance Institution	Description
Parent company	12.5612	0.0062	The British Standards Institution (BSI)	<p>The Company engaged BSI Taiwan Branch to conduct external verification of greenhouse gas emission and assure the following:</p> <ol style="list-style-type: none"> 1. Principle of verification: ISO 14064-1:2018. 2. Boundaries of verification: Chia Hsin Group (Note3) 3. Level of assurance: External assurance of 2021 is reasonable level of assurance. 4. Materiality level: Materiality threshold is 5%
Subsi- diaries	3,994.6358	1.9556		
Total	4,007.1970	1.9618		

Note1: Subsidiaries data are combined filing.

Note2: Intensity of green-house gas emission is calculated by revenue (NTD 1 million).

Note3: Subsidiaries in Japan and China are not included in the report of 2021.

1-2 The British Standards Institution (BSI) Greenhouse Gas Emission Verification Opinion Statement

bsi. Opinion Statement



Greenhouse Gas Emissions Verification Opinion Statement

This is to verify that: Chia Hsin Cement Corporation
No.96, Sec. 2, Zhongshan N. Rd.
Zhongshan Dist.
Taipei City 104418
Taiwan

嘉新水泥股份有限公司
臺灣
台北市
中山區
中山北路二段 96 號
104418

Holds Statement No: GHGEV 770686

Verification opinion statement

As a result of carrying out verification procedures in accordance with ISO 14064-3:2006, it is the opinion of BSI with Reasonable assurance that:

- The Greenhouse Gas Emissions with Chia Hsin Cement Corporation for the period from 2021-01-01 to 2021-12-31 was verified, including direct greenhouse gas emissions 209.1565 tonnes of CO₂ equivalent and indirect greenhouse gas emissions from imported energy 4,007.1970 tonnes of CO₂ equivalent.
- No material misstatements for the period from 2021-01-01 to 2021-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
- The emission factor for electricity for the year 2021 is not published by Taiwan government so far, the emission factor used for electricity is 0.502 kilograms of Carbon Dioxide equivalent per kWh instead which may potentially result in different Greenhouse Gas Emission estimates.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.

For and on behalf of BSI:


Managing Director BSI Taiwan, Peter Pu

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The British Standards Institution is independent to the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its carbon emissions more particularly described in the scope. It was not prepared for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only.

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
BSI Taiwan is a subsidiary of British Standards Institution.

Statement No: GHGEV 770686

Location

Verification Information

The greenhouse gas emissions information reported by the organization for the period from 2021-01-01 to 2021-12-31 is as follows:

EMISSIONS		Notes	tonnes CO ₂ e
Category 1: Direct GHG emissions and removals			209.1565
1.1	Stationary combustion		63.1960
1.2	Mobile combustion		51.1827
1.3	Industrial processes (anthropogenic systems)		0.000
1.4	Fugitive (anthropogenic systems)		94.7778
1.5	Land use, land use change and forestry		0.000
Direct emissions in tonnes of CO ₂ e from biomass			0.000
Category 2: Indirect GHG emissions from imported energy			4,007.1970
2.1	Indirect emissions from imported electricity	location-based approach	4,007.1970
2.2	Indirect emissions from imported energy (steam, heating, cooling and compressed air)		0.000
Category 3: Indirect GHG emissions from transportation			71.7138
3.1	Emissions from upstream transport and distribution for goods	NS	
3.2	Emissions from Downstream transport and distribution for goods	NS	
3.3	Emissions from Employee commuting	NS	
3.4	Emissions from Client and visitor transport	NS	
3.5	Emissions from Business travels	Take Taiwan High Speed Rail, Airplane, vehicles	71.7138
Category 4: indirect GHG emissions from products used by organization			835.6744
4.1	Emissions from Purchased goods	Upstream related to water, electricity production, and gasoline production	751.1481
4.2	Emissions from Capital goods	NS	
4.3	Emissions from the disposal of solid and liquid waste	Solid waste only	84.5263
4.4	Emissions from the use of assets (leased)	NS	
4.5	Emissions from the use of services that are not described in the above subcategories	NS	
Category 5: indirect GHG emissions associated with the use of products from the organization			446.5579
5.1	Emissions or removals from the use stage of the product	NS	
5.2	Emissions from downstream leased assets	NS	
5.3	Emissions from end of life stage of the product	NS	
5.4	Emissions from investments	Related to emissions of investee's facility	446.5579

* NS: Non significant.

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The total emissions were verified in selected branches and representative offices, including but not limited to the following:

Location	Verification Information
Chia Hsin Cement Corporation No.96, Sec. 2, Zhongshan N. Rd. Zhongshan Dist., Taipei City, 104418, Taiwan 嘉新水泥股份有限公司 104418 臺灣台北市中山區中山北路二段 96 號	The Greenhouse Gas Emissions with Chia Hsin Cement Corporation for the period from 2021-01-01 to 2021-12-31 were verified, including the direct greenhouse gas emissions 209.1565 tonnes of CO ₂ equivalent and indirect greenhouse gas emissions from imported energy 4,007.1970 tonnes of CO ₂ equivalent.
公司名稱 Company Name	據點地址 Address
嘉新水泥股份有限公司 Chia Hsin Cement Corporation	台北市中山區中山北路二段 96 號 No. 96, Sec. 2, Zhongshan N. Rd. Zhongshan Dist., Taipei City 嘉新水泥股份有限公司(台中區營業所) Chia Hsin Cement Corporation(Taichung office) 台中市西屯區台灣大道二段 689 號 8 樓 8F., No. 689, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City
雲嘉國際股份有限公司 YJ International Corporation	台北市中山區中山北路二段 96 號 No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City
嘉新資產管理開發股份有限公司 Chia Hsin Property Management & Development Corporation	台北市中山區中山北路二段 96 號 No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 嘉新資產管理開發股份有限公司(高雄辦公室) Chia Hsin Property Management & Development Corporation(Kaohsiung office) 高雄市中心區嘉新東路 35 號 2 樓 2F., No. 35, Jiaxin E. Rd., Gangshan Dist., Kaohsiung City
嘉和健康生活股份有限公司 Jaho Life Plus+ Management Corp., Ltd.	台北市中山區中山北路二段 96 號 9 樓 9F., No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 嘉和健康生活股份有限公司(餐廳) Collective Element 台北市中山區中山北路二段 96 號 1 樓 1F., No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 嘉和健康生活股份有限公司(健身房) Fit Collective 台北市中山區中山北路二段 96 號 B1 樓 B1F., No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 嘉和健康生活股份有限公司(央廚) Central Kitchen 台北市內湖區行愛路 140 巷 21 號 3 樓 3F., No. 21, Ln. 140, Xing'ai Rd., Neihu Dist., Taipei City

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Location	Verification Information
嘉新國際股份有限公司 Tong Yang Chia Hsin International Corporation	台北市中山區中山北路二段 96 號 1 樓 1F., No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City
	嘉新國際股份有限公司(基隆港水泥儲運站) Tong Yang Chia Hsin International Corporation (Keelung port) 基隆市中山區光華路 59 號 No. 59, Guanghua Rd., Zhongshan Dist., Keelung City
	嘉新國際股份有限公司 (桃園楊梅活動中心) Tong Yang Chia Hsin International Corporation (Yangmei activity center) 桃園市楊梅區益新三街 1 號 1 樓 2 樓 1F., 2F., No. 1, Yixin 3rd St., Yangmei Dist., Taoyuan City
	嘉新國際股份有限公司(台中港水泥儲運站) Tong Yang Chia Hsin International Corporation (Taichung port) 台中市梧棲區中南路二段 946 號 No. 946, Sec. 2, Zhongnan 1st Rd., Wuqi Dist., Taichung City
	台北市中山區中山北路二段 96 號 No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City
嘉北國際股份有限公司 Chia Pei International Corporation	嘉北國際股份有限公司(台北港第一散雜貨中心) Chia Pei International Corporation(Taipei port) 新北市八里區塘里度竹園 7 之 11 號 No. 7-11, Xiazhuwei, Bali Dist., New Taipei City

類別五排放量計算來源如下所示

人之初產後護理之家 Gemcare Maternity Center	台北市中山區中山北路二段 96 號 8 樓 8F., No. 96, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City
人之初敦化館產後護理之家 Gemcare Maternity Center, Dunhua	台北市松山區敦化北路 230 號 No. 230, Dunhua N. Rd., Songshan Dist., Taipei City

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3.4.7 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Establishment of ethical corporate management policies and programs				None
(1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(1) The Company's "Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" have been adopted by the Meeting of the Board of Directors in May 2014. The last amendments of the above two policies have also been adopted by the Meeting of the Board of Directors on November 11, 2020. The relevant updates are disclosed at the Company's internal website and also on MOPS. In light of the Board of Directors and management's full commitments to enforcement of these above policies, the Company has stated in all agreements entered into the actions to be taken if the above ethical corporate management principles are violated.	
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(2) To ensure the implementation of "Ethical Corporate Management Best Practice Principles" and avoid any risk of unethical and dishonest behaviors, the Company has duly established the accounting, the internal control systems and relevant management guidelines to help execute these principles, which are also evaluated and amended on a regular basis. The designated Audit Division shall submit report on unethical and dishonest acts which are business-related to the management. The violators will be punished and posted based on the above ethical corporate management policies.	None

Evaluation Item	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(3) Does the Company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3) As a precautionary measure to avoid any business related unethical or dishonest behavior, the Company has clearly provided the operating procedures, code of conduct, disciplinary actions, and appeal procedures for violations in its "Ethical Corporate Management Operating Procedures and Behavior Guidelines". In addition, the Company regularly promotes the same in its "Employee Handbook" and relevant operation manuals for employees to follow accordingly.	None
2. Fulfill ethical corporate management policies	✓		(1) The Company regularly reviews and evaluates all business partners' ethical records and terminates relationship with those partners of unsatisfactory results. The ethics-related clauses are incorporated in the Company's agreements with the suppliers based on its "Ethical Corporate Management Best Practice Principles" and "Supplier Management Policies". Suppliers' review is also conducted on a regular basis.	None
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?				
(2) Does the Company have a dedicated unit for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(2) The Sustainable Development Office (SDO) is the Company's dedicated unit for sustainable development including formulating ethical corporate management policies and overseeing its operations. SDO is under the supervision of the Sustainable Development Committee (SDC), which regularly makes status reports to the Board of Directors. The current year ethical corporate implementation status has been reported to the 449 th Meeting of the Board of Directors on December 14, 2022.	None
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) The Company provided that no manager shall engage in anything falling in their work scope involving conflicts of interest of the Company unless restrictions are resolved or waived otherwise by the Board of Directors and the Shareholders' Meeting. Once a conflict of interest exists, such member shall not participate in the discussion and shall not exercise voting rights attached thereto in order to	None

Evaluation Item	Implementation Status (Note)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	✓		<p>avoid any violation of ethical corporate management principles. However, such member is entitled to tender a written statement on this particular issue which is an integral part of the meeting minutes. The standard procedure for employees to report any potential cases of conflicts of interest is set up by the Company.</p> <p>(4) The Company has also established the accounting and the internal control systems and relevant management procedures to enforce these ethical principles. Based on the results of risk assessment, the Audit Division has formulated its audit plan, which enables it to conduct an annual review of internal control, exams its effectiveness and revises the audit plan accordingly if needed.</p>	None
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		(5) Internal training workshops on ethical corporate management are held regularly for employees. All relevant ethical corporate management policy updates are also announced in the Company's internal meetings from time to time. In 2022, a total of 221 employees (100% of local employees) attended three training workshops held physically and on-line accordingly.	None
3. Operation of reporting channel (1) Does the Company establish both a reporting/incentive system and reporting hotline? Can the accused be reached by an appropriate designated person for follow-up?	✓		(1) "Internal Procedures for Reporting Illegal, Unethical and Dishonest Acts" has been adopted by the 426 th Meeting of the Board of Directors on November 13, 2019. The Company has assigned its Audit Division to help collect complaints via three following channels: a direct complaint hotline at Tel: 886-2-2551-2317, a regular mail with attention to the Manager, the Audit Division and an exclusive complaint email address at chcgroup.audit@gmail.com. Based on the above procedures, whistleblower(s) that have provided sufficient and proper evidence will be rewarded upon completion of the investigation.	None

Evaluation Item	Implementation Status (Note)		Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons	
	Yes	No		
(2) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		(2) A standard investigation procedure is established to review the relevant complaints on any illegal, unethical and dishonest acts. After the initial investigation by the Audit Division, a Special Committee may be assigned to do further in-depth investigation if needed and to report its final result to the Chairman of the Company. In circumstances of complaints involving the Company's Directors or senior management, the Special Committee will report to the Head of the Audit Committee. All complaints and investigation documents will be kept in absolute confidentiality for five years. There were no accusation cases brought up during the year of 2022.	None
(3) Does the Company provide proper whistleblower protection?	✓		(3) The Company makes every effort to provide the whistleblower(s) with protection, including all of their personal identification, accusation details and relevant information of both the whistleblower(s) and the accused are kept as extreme confidential.	None
4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and results of its implementation on the Company's website and MOPS?	✓		Code of Ethical Conduct "and "Ethical Corporate Management Best Practice Principles" are disclosed on the Company's website and its internal bulletin board for employees to follow accordingly, also on MOPS.	None
5. If the Company has established the ethical corporate management policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancies between the policies and their implementation: No discrepancies found.				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management practices: (e.g., review and amendment of the policies) The Company's "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" have been amended and adopted by the Meeting of the Board of Directors on November 11, 2020. Meanwhile, in order to provide employees with the operating procedures and behavior guidelines, the Company's "Ethical Corporate Management Operating Procedures and Behavior Guidelines" has also been adopted by the same above Meeting of the Board of Directors. The Company complies with the Company Law, the Securities and Exchange Act, relevant regulations for listed companies, and other relevant laws and regulations on business practices which collectively form the basis of our implementation of ethical corporate management. Please refer to Ethical Corporate Management and Code of Ethical Conduct in the Company's Sustainability Report.				

Note: Provide an appropriate explanation regardless whether yes or no is selected.

3.4.8 Access to Corporate Governance Guidelines and Regulations

The Company has established Corporate Governance related regulations which can be found in the Company's website as follow under the Corporate Governance/Important Internal Regulations section.

<http://www.chcgroup.com.tw>

3.4.9 Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance Practices

1. Composition and Operation of the Sustainable Development Committee

Since the establishment of the Company's corporate governance organization structure (including risk management, etc.), reported at the 427th Board meeting on December 13, 2019, the Group has endeavored to promote corporate governance and to fulfill corporate social responsibilities related works, and periodically reported the implementation results to the Board.

Following the international development trend, the Company's Sustainable Development Committee was established at the 441st Board meeting on December 14, 2021 to success and continue the operations and all functions of the corporate governance organization. In addition, related action planning (i.e. environmental management, climate actions, and etc.) was included based on various aspects of the sustainable development.

To assist the Board to fulfill sustainable operation and to actively implement sustainable development related works, responsibilities of the Sustainable Development Committee includes the following items:

- (1) Integration business culture of the Group and future critical sustainable development issues. Set up vision, mission, and development policies.
- (2) Review and discussion the implementation status and effectiveness of sustainable development.
- (3) Attention on the issues concerned by the interested parties and supervising the communication plan.
- (4) Other assigned issues resolved by the Board.

Members of the Sustainable Development Committee

Title	Name	Major Experience	Diversified Capabilities						
			Accounting, Finance and Legal Affairs	Risk Management	Business Management	Global Marketing	Investment and M&A	Hospitality Business	Information Technology
Chair-person	Jason K.L. Chang (Chairman)	<ul style="list-style-type: none"> Director of Taiwan Cement Corp. Vice Chairman of EPOCH 	✓	✓	✓	✓	✓	✓	✓

Title	Name	Major Experience	Diversified Capabilities						
			Accounting, Finance and Legal Affairs	Risk Management	Business Management	Global Marketing	Investment and M&A	Hospitality Business	Information Technology
Member	Pan Howard Wei-Hao (Director)	<ul style="list-style-type: none"> Director and President of Cheng Yeh Chemical Works Director and V.P. of CFA Society Taiwan 	✓	✓	✓	✓	✓		✓
Member	Robert K. Su (Independent Director)	<ul style="list-style-type: none"> Accounting professor of NCCU Independent director of Ta-yuan Cogen Co., Ltd. Member of Chinese Business Ethics Education Association Consultant, Chien Kuo Construction Co., Ltd. 	✓	✓	✓	✓	✓		
Member	Kevin Kuo-Chen (Independent Director)	<ul style="list-style-type: none"> Vice President and Adjunct Professor, National Taiwan Sport University Adjunct Professor, University of Taipei Chairman, Finance Committee, and Executive Board Member, Olympic Council of Asia 	✓	✓	✓	✓			✓

2. Operation of the Sustainable Development Commission

The Company's Board of Directors receive the management team's reports (including ESG reports) quarterly. The Board must evaluate the feasibility of the reports, review the progress, and urge the management team to make adjustments if necessary.

Session/ Meeting Date	Agenda	Discussions Items	Report to the Board of Directors
12/22/2021 1 st Meeting of the 1 st Term		1. Committee member election.	-
03/22/2022 2 nd Meeting of the 1 st Term	1. Decisions and implementation status of the first meeting of the 1 st Term Sustainable Development Committee.	1. Execution and Planning Proposal for CHC Group's Corporate Sustainable Development Blueprint.	05/03/2022 the 444 th Board Meeting (Report the corporate's schedule of greenhouse gas inventory and certification process.)
08/10/2022 1 st Meeting of the 2 nd Term	1. Decisions and implementation status of the second meeting of the 1 st Term Sustainable Development Committee. 2. Progress report on the implementation of CHC Group's Corporate Sustainable Development Blueprint. 3. Appointed Professor Chia-Shen Chen as the committee's consultant.	1. CHC Group's Sustainable Development Blueprint implementation strategy and plan.	12/14/2022 the 449 th Board Meeting
12/14/2022 2 nd Meeting of the 2 nd Term	1. Decisions and implementation status of the first meeting of the 2 nd Term Sustainable Development Committee. 2. Progress report on the implementation of the Group's Corporate Sustainable Development Blueprint. 3. Progress report on the Group's greenhouse gas inventory. 4. The Group's 2023 Risk Assessment Report.	1. Join the Supporter of Task Force on Climate-Related Financial Disclosures (TCFD) 2. Plan to implement Science Based Targets initiative (SBTi) 3. Budget for 2023 Sustainable Development Office.	12/14/2022 the 449 th Board Meeting

3. The Company will stay focused on Corporate Governance related issues and trends. Relevant personnel are encouraged to participate in various corporate governance courses or seminars, such as practical workshops for directors and supervisors, IFRS seminars or courses, and the setting and operation of the Remuneration Committee. In addition, the Company is also group member of the Internal Audit Association of the Republic of China, the Accounting Research and Development Foundation, the Information Managers Association, the Public Issuing Company Stock Association, attending regular members meetings and seminars on topics relating to fraud and corporate governance, cyber security, and accounting manager's continuing educations to improve the operation of corporate governance and reduce the occurrence of risks.

Managers attending Corporate Governance related Educational and Training Courses or Seminars were as follows:

Title	Name	Content of Course	Date Attended	Hours
President Also CEO of Headquarter Office ,Chief Sustainability Officer and Chief Officer of Corporate Governance	Li-Hsin Wang	2022 Public-Private Sector Female Talent Course organized by the Executive Yuan	2022/4/18 ~5/5	38
		Taipei University X Visionary ESG Business Leadership Seminar	2022/4/29 ~5/7	24
		Public Relations Crisis Management and Response	2022/7/26	3
		Fire-fighting training in the second half of 2022	2022/8/19	2
		2022 Mid Year Market Outlook and Global investor outreach	2022/8/31	3
		Introduction to Japan's Hotel Industry and related investment opportunities	2022/9/7	3
		EY Digital & Emerging Technology	2022/10/5	3
		The FINI Voting Perspective, Implementing Effectives ESG for Issuers	2022/10/12	3
		The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	2022/11/2	3
		Integrity Training Seminar (Entity & Online)	2022/11/11	2
		Fire-fighting Education & Training for the second half of 2022	2022/11/25	3
		Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	2022/12/7	3

Title	Name	Content of Course	Date Attended	Hours
Vice President	Wen-Wan Chen	Workshops on "Social Engagement" and "Corporate Commitment" at the Sustainability Workshop	2022/6/14	7
		Public Relations Crisis Management and Response	2022/7/26	6
		Fire-fighting training in the second half of 2022	2022/8/19	2
		2022 Mid Year Market Outlook and Global investor outreach	2022/8/31	3
		Introduction to Japan's Hotel Industry and related investment opportunities	2022/9/7	3
		EY Digital & Emerging Technology	2022/10/5	3
		The FINI Voting Perspective, Implementing Effectives ESG for Issuers	2022/10/12	3
		Introduction to Insider Trading Regulations and Cases	2022/10/19	0.75
		Information Security Training	2022/10/20	2
		New Business Introduction	2022/10/28	2
		The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	2022/11/2	3
		Integrity Training Seminar (Entity & Online)	2022/11/11	2
		Fire-fighting Education & Training for the second half of 2022	2022/11/25	3
		Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	2022/12/7	3
Finance Officer	Jane YC Chou	The New Standard of Enterprise Digital Transformation - The Future Workplace with RPA Digital Employees	2022/3/9	1
		Global Investment Outlook Trends Forum (online) for the second half of 2022	2022/6/10	1
		Workplace emotional health check and anti-stress equipment	2022/6/17	2
		Financial Environment Analysis for the Second Half of 2022 - Outlook for the Economy and Markets	2022/6/23	1
		Public Relations Crisis Management and Response	2022/7/26	3
		Fire-fighting training in the second half of 2022	2022/9/7	3
		2022 Mid Year Market Outlook and Global investor outreach	2022/9/22	3
		Introduction to Japan's Hotel Industry and related investment opportunities	2022/9/7	3

Title	Name	Content of Course	Date Attended	Hours
Finance Officer	Jane YC Chou	2022 Green Mobility Forum - Liberalizing the Green Power Market	2022/9/22	3
		EY Digital & Emerging Technology	2022/10/5	3
		The FINI Voting Perspective, Implementing Effectives ESG for Issuers	2022/10/12	3
		Information Security Training	2022/10/20	2
		The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	2022/11/2	3
		Integrity Training Seminar (Entity & Online)	2022/11/11	2
		Fire-fighting Education & Training for the second half of 2022	2022/11/25	3
		Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	2022/12/7	3
Accounting Officer	Mars Feng	The first educational training for the Energy and Environmental Management project	2022/6/17	2
		2022 ESG Seminar Series - Opportunities and Challenges of Net Zero Emissions	2022/6/24	3
		Public Relations Crisis Management and Response	2022/7/26	3
		Fire-fighting training in the second half of 2022	2022/8/19	2
		2022 Mid Year Market Outlook and Global investor outreach	2022/8/31	3
		Introduction to Japan's Hotel Industry and related investment opportunities	2022/9/7	3
		EY Digital & Emerging Technology	2022/10/5	3
		The FINI Voting Perspective, Implementing Effectives ESG for Issuers	2022/10/12	3
		Information Security Training	2022/10/20	2
		The opportunities and challenges for Taiwan Enterprise toward Carbon Neutrality; Invest on today's work to develop the sustainable future	2022/11/2	3
		Integrity Training Seminar (Entity & Online)	2022/11/11	2
		Cathay Sustainable Finance and Climate Change Summit	2022/11/13 ~11/14	9
		Accounting Officer Continuing Education	2022/11/24 ~11/25	12
		Fire-fighting Education & Training for the second half of 2022	2022/11/25	3
		Inheritance is not just about taking over, but also focusing on the transformation and upgrading of family businesses	2022/12/7	3

3.4.10 Internal Control System Execution Status

1. Internal Control Statement

Chia Hsin Cement Corporation Limited
Statement of Internal Control System

Date: March 9, 2023

Based on the findings of a self-assessment, Chia Hsin Cement Corporation Limited (CHC) states the following with regard to its internal control system during the year 2022:

1. The board of directors and management of CHC are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. The effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CHC takes immediate remedial actions in response to any identified deficiencies.
3. CHC 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.
4. CHC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CHC believes that, on December 31, 2022, 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.
6. This Statement is an integral part of CHC's annual report for the year 2022 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 Law.
7. This statement was passed by the Board of Directors in their meeting held on March 9, 2023, with all 7 attending directors affirming the content of this Statement.

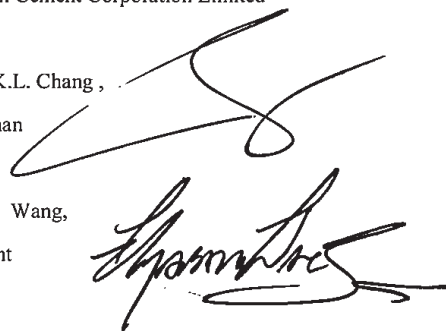
Chia Hsin Cement Corporation Limited

Jason K.L. Chang,

Chairman

Li-Hsin Wang,

President



2. CPA's audit report if the Company engaged CPA to audit its internal control system: None.

3.4.11 Penalties for Violations of Regulations or the Company's Internal Control System in the Past Year and up to the Publication Date of this Annual Report and Improvement Measures

None.

3.4.12 Major Resolutions of Shareholders' Meeting and Board Meetings in the Past Year and Up to the Publication Date of this Annual Report

1. Major Resolutions of the Annual General Shareholders' Meeting

Year	Date	Major Resolutions	Remarks																											
2022	06/14/2022 Shareholders' Meeting (held by physical meeting and with visual assisted)	1. Approved 2021 Business and Financial Statements.	1. Announcement has been made on the same date and in accordance with resolution of the shareholders' meeting.																											
		2. Approved the proposal of 2021 earnings distribution that to set aside NTD502,674,606 as dividend to shareholders (NTD0.65 cash dividend per share). The above dividend shall be distributed in priority from 2021 net profit after tax.	2. The Board Meeting resolved the earnings distribution; set 08/10/2022 as the record date and completed the cash dividend distribution on 09/02/2022.																											
		3. Approved the amendments to the"Rules of Procedures for the Acquisition or Disposal of Assets".	3. Announcement was made on the same date and in accordance with the resolution of shareholders' meeting.																											
		4. Approved the amendments to the Rules of Procedures for the Shareholders' Meeting"	4. Announcement was made on the same date and in accordance with the resolution of shareholders' meeting.																											
		5. Approved the amendment of the "Articles of Incorporation".	5. Announcement was made on the same date and in accordance with the resolution of shareholders' meeting																											
		6. Re-elected the Board of Direcotors (a total of 7 seats including 3 seats of Independent Diriectors); the new directors and their number of righs are as follows :	6. Announcement was made on the same date and in accordance with the resolution of shareholders' meeting; the new directors signed for the receipt of documentation materials and Statement of Declaration on 06/20/2022 (including the newly elected independent directors) and submitted the Statement of Declaration to Taiwan Stock Exchange and in the same year on 06/29 completed the change of registration at the Department of Commerical, MOEA																											
		<table><tr><th>No.</th><th>Title</th><th>Name</th><th>No.of Rights</th></tr><tr><td>1</td><td rowspan="4">Director</td><td>Jason K.L.Chang</td><td>871,706,256</td></tr><tr><td>2</td><td>Tong Yang Chia Hsin Int'l Corp. Howard Pan(JPR)</td><td>843,178,974</td></tr><tr><td>3</td><td>Chi-Te Chen</td><td>707,573,236</td></tr><tr><td>4</td><td>Tong Yang Chia Hsin Int'l Corp. I-Cheng Liu(JPR)</td><td>693,090,476</td></tr><tr><td>5</td><td rowspan="3">Independent Director</td><td>Robert K. Su</td><td>182,954,536</td></tr><tr><td>6</td><td>Pao-Chu Lin</td><td>181,956,511</td></tr><tr><td>7</td><td>Kevin Kuo-I Chen</td><td>181,901,514</td></tr></table>		No.	Title	Name	No.of Rights	1	Director	Jason K.L.Chang	871,706,256	2	Tong Yang Chia Hsin Int'l Corp. Howard Pan(JPR)	843,178,974	3	Chi-Te Chen	707,573,236	4	Tong Yang Chia Hsin Int'l Corp. I-Cheng Liu(JPR)	693,090,476	5	Independent Director	Robert K. Su	182,954,536	6	Pao-Chu Lin	181,956,511	7	Kevin Kuo-I Chen	181,901,514
		No.		Title	Name	No.of Rights																								
		1		Director	Jason K.L.Chang	871,706,256																								
		2			Tong Yang Chia Hsin Int'l Corp. Howard Pan(JPR)	843,178,974																								
3	Chi-Te Chen	707,573,236																												
4	Tong Yang Chia Hsin Int'l Corp. I-Cheng Liu(JPR)	693,090,476																												
5	Independent Director	Robert K. Su	182,954,536																											
6		Pao-Chu Lin	181,956,511																											
7		Kevin Kuo-I Chen	181,901,514																											
7. Approved the release of Directors from the Non-competition Restrictions	7. Announcement was made on the same date and in accordance with the resolution of shareholders' meeting																													

2. A Total of Ten Board Meetings Were Held for 2022 as of March 10, 2023. Major Resolutions of Each Meeting Were as Follows:

Meeting	Date	Major Resolutions
442	01/13/2022	<ol style="list-style-type: none"> 1. Approved the amount of 2021 bonus of the Chairman and managers. 2. Approved the amount of 2021 Lunar New Year bonus of the directors (not including the independent directors who are concurrently members of the Remuneration Committee). 3. Approved the proposed amount of 2021 Lunar New Year bonus of members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee). 4. Approved the change of credit lines with the First Commercial Bank.
443	03/22/2022	<ol style="list-style-type: none"> 1. Approved the 2021 compensation distribution of employees and directors and to report at the General Shareholders' Meeting for acceptance. 2. Approved the 2021 compensation distribution of the directors. 3. Approved the 2021 compensation distribution of the employees. 4. Approved the 2021 Internal Control Statement. 5. Approved the order of seats for the next board meeting. 6. Approved the elections of board directors. 7. Approved releasing Directors from Non-competition Restrictions. 8. Approved the amendment of partial articles of Corporate Sustainable Development Best Principles. 9. Approved the amendment of "Procedures for Acquisition or Disposal of Assets". 10. Approved the renewal of credit line with First Commercial Bank. 11. Approved the engagement of the CPAs. 12. Approved the draft of 2021 Business Report and Financial Statement for acceptance at the General Shareholders' Meeting. 13. The Board of Directors resolved to convene the 2022 General Shareholders' Meeting. 14. Approved to accept nominations of board director and related procedures. 15. Approved to accept proposals for shareholders' meeting and related procedures.
444	05/03/2022	<ol style="list-style-type: none"> 1. Approved the appointment of Ms. Wen-Wai Chen as the Vice President of Human Resources Department 2. Approved the service fee of the CPAs 3. Approved the Company's 2021 earnings distribution 4. Approved the Company's 2022 Q1 Financial Statements and Business Report 5. Approved the establishment of short-term line of credit (derivative financial products) with the financial institutions 6. Approved the amendment of the Company's "Corporate Governance Best Practice Principles" 7. Approved the Company's "Board Diversity Policy" 8. Approved the amendment of the Company's "Rules of Procedures for Shareholders' Meeting" 9. Approved amendment of the Company's "Articles of Incorporation" 10. Approved to change the venue and adjust the meeting agenda for the 2022 General Shareholders' Meeting
445	06/14/2022	<ol style="list-style-type: none"> 1. In accordance to Article 15 of the Company's Articles of Incorporation, each director has one vote to for the election of the position of Chairman; it was passed by all directors who participated in the Board Meeting that Mr. Jason K. L. Chang as the Chairman of the Board 2. Approved the appointment of Mr. Chi-Lin Wea, Mr. Robert K. Su and Ms. Pao-Chu Lin as 3 members of the Remuneration Committee 3. Approved the appointment of Chairman Jason K. L. Chang, Director Pan Howard Wei Hao, Independent Directors Robert K. Su and Kevin Kuo-I Chen as 4 members of the Company's "Sustainable Development Committee"

Meeting	Date	Major Resolutions
446	07/13/2022	<ol style="list-style-type: none"> 1. Approved the appointment of Mr. Jason K. L. Chang, Mr. Chi-Te Chen, Mr. Pan Howard Wei-Hao and Mr. Shih-Chu Chi as 4 directors of the Company's subsidiary Chia Hsin Property Management & Development Corp; and Ms. Li-Hsin Wang as Supervisor 2. Approved the remuneration and attendance fee of the new board directors (not including the independent directors who are concurrently members of the Remuneration Committee) 3. Approved the proposed remuneration and attendance fee of members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee) 4. In accordance with the Company's guidelines established, the Board approved the compensation for the appointed Representative Directors and Supervisors of the Company's affiliates and invested companies based on their performance 5. Approved the structure of organization of the "Sustainable Development Committee" 6. Approved the appointment of Ms. Li-Hsin Wang as President of the Company 7. Approved the appointment of Ms. Lin-Hsin Wang as CEO of Headquarters Office 8. Approved the appointment of Ms. Wen-Wan Chen as the Company's Vice President of HR Dept 9. proved the appointment of Finance Officer , Accounting Officer, Internal Audit Officer , Chief Officer of Corporate Governance and Chief of Sustainability 10. Approved the remuneration of managers including the President, CEO and Vice President 11. Approved releasing the managers from the Non-Competition Restrictions
447	08/10/2022	<ol style="list-style-type: none"> 1. Approved the report the investment risk profiling questionnaire for the Company's foreign currency account at BNP Paribas Wealth Management Bank, Hong Kong Branch 2. Approved the Company's 2022 Q2 Financial Statement and Business Report 3. Approve the amendment of the 2022 budget
448	11/04/2022	<ol style="list-style-type: none"> 1. Approved the amendment of the Company's 2022 Internal Control Statement 2. Approved the Company's 2022 Q3 Financial Statement and Business Report 3. Approved to the change the short term credit lines and new line of credit re-signed with Taiwan Cooperative Bank
449	12/14/2022	<ol style="list-style-type: none"> 1. Approved the adoption of 2023 Audit Plan. 2. Approved the renewal of the management contract for Keelung Storage and Transportation Center and service contract for cement storage warehousing signed with its subsidiary TYCH Int'l. 3. Approved the signing of the Equipment Usage Agreement for 2023 at Taipei Cargo Terminal No.1 with the Company's subsidiary Chia Pei International Corp. 4. Approved the renewal of the Storage and Transportation Agreement signed with the Company's subsidiary Chia Pei International Corp. 5. Approved the amendment of the Company's "Procedures and Operation Management of Internal Materials and Protection of Inside Trading" 6. Approved CHC Group to join and participate in TCFD supporter 7. Approved CHC Group to implement the execution plan for SBTi 8. Approved the same credit lines signed with the financial institutions for 2023. 9. Approved the endorsement guarantee of a bank loan from Taishin International Bank Tokyo Branch to the Company's subsidiary CHC Ryukyu Development GK in Japan. 10. Approved the endorsement guarantee of a bank loan from CTBC Bank Tokyo Branch to the Company's subsidiary CHC Ryukyu Development GK in Japan. 11. Approved the endorsement guarantee of a bank loan from Taishin International Bank Tokyo Branch to the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 12. Approved the endorsement guarantee of a bank loan from CTBC Bank Tokyo Branch to the Company's subsidiary CHC Ryukyu COLLECTIVE KK in Japan. 13. Approved the 2023 budget.

Meeting	Date	Major Resolutions
450	01/06/2023	<ol style="list-style-type: none"> 1. Approved the amount of 2022 bonus to the Chairman of the Board and managers. 2. Approved the amount of 2022 Lunar New Year bonus of the directors (not including the independent directors who are concurrently members of the Remuneration Committee). 3. Approved the proposed amount of 2022 Lunar New Year bonus of members of the Remuneration Committee (including the independent directors who are concurrently members of the Remuneration Committee).
451	03/09/2023	<ol style="list-style-type: none"> 1. Approved the adjustment of the Company's organization structure and will report at the 2023 General Shareholders' Meeting. 2. Approved the 2022 Internal Control Statement. 3. Approved the amendment of "Internal Control System". 4. Approved the engagement and fee of the CPAs. 5. Established the Company's pre-approved policy of non-assurance services provided by the certified public accountant. 6. Approved the draft of 2022 Business Report and Financial Statement for acceptance at the General Shareholders' Meeting. 7. The Board of Directors resolved to convene the 2023 General Shareholders' Meeting. 8. Approved to accept proposals for shareholders' meeting and related procedures.

3.4.13 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors in the Past Year and up to the Publication Date of this Annual Report: None.

3.4.14 Resignation or Dismissal of the Company's Key Individuals, including Chairman, President, CEO, and Officers of Accounting, Finance, Internal Audit, Corporate Governance and R&D in the Past Year and up to the Publication Date of this Annual Report

Resignation or Dismissal of Key Individuals

March 10, 2023

Title	Name	Date of Appointment	Date of Resignation (Dismissal)	Reasons for Resignation or Dismissal
President	Chih-Chu Chi	March 25, 2015	July 13, 2022	At the end of the Director's tenure, the Company conducted a re-election of the Board and the President was reappointed.

Note: Key Individuals concerned including Chairman, President, CEO, Chief Accounting Officer, Chief Financial Officer, the Chief Internal Auditor, the Corporate Governance Officer and the Chief Research and Development Officer.

3.5 Information Regarding the Company's Certified Public Accountant

3.5.1 Audit Fee

1. If amount of non-audit fee paid to the CPA, the CPA firm or its affiliates above one-fourth of the total audit fee, related information shall be disclosed as follows:

Information of Audit Fee

Unit: NTD thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-Audit Fee (Note 1)	Subtotal	Remarks
Deloitte Taiwan	Chiang-Hsun Chen Sheng-Tai Liang	01/01/2022~ 12/31/2022	6,690	2,750	9,440	

Note 1: Mainly for services of: tax refund service of securities transaction 2,140, transfer price service 520 and IFRS report conversion of investment companies 90.

2. Audit fee of the year is less than that of the previous year after changing CPA firm: NA.
3. Audit fee of the year is less than that of the previous year by over 10%: NA
4. Evaluation of the external auditors' independence:

The Audit Committee regularly monitors the independence of external auditors by conducting the following evaluation and reports to the Board of Directors.

- (1) The auditors' independence declaration.
- (2) All audit services shall be approved by the Audit Committee before engagement.
- (3) Annually evaluates the independence of the external auditors and summarizes the independent evaluation results by conducting the auditor independent survey (Note).

Note: Important evaluation items of the external auditors' independence:

Items	Content	Meet or Not	
		Meet	Not
1	The professional accountants should avoid and not accept the engagement when they may have involved in any direct or material indirect interests which may impair their impartiality and independence.	✓	
2	A professional accountant shall have independence of mind and in appearance, to provide audit, review, or verification on financial statements, special audit, and express an opinion. The members of the audit team, accounting firm and any of its affiliates shall also maintain their independence.	✓	
3	A professional accountant shall be honest, objective and keeping the spirit of independence.	✓	
4	Whether the independence is impaired by self-interest, self-assessment, defense, familiarity and force.		✓
5	Is not under any of the followings:		
	(1) The CPA has not been punished by the Competent Authority referred to in Article 37 of Securities and Exchange Act.	✓	
	(2) The CPA has not served as the Company's auditor for seven consecutive years or have impaired their independence.	✓	
	(3) The CPA has not use his power to compete unfairly.	✓	

3.5.2 Replacement of Certified Public Accountant

1. Information of former CPAs

Date of Replacement	Approved by the 443 rd Board of Directors on March 22, 2022		
Reasons and Explanation of Replacement	In compliance with regulatory requirements on rotation, the Company changed the accountants Chiang-Hsun Chen and Keng-Hsi Chang to Chiang-Hsun Chen and Sheng-Tai Liang starting from the first quarter of 2022.		
State whether the Appointment is Terminated or Rejected by the Consignor or CPAs	Status	Parties	CPA
	Appointment terminated		NA
	Appointment rejected (discontinued)		NA
The Opinions other than Unqualified Opinion Issued in the Past Two Years and the Reasons for the Said Opinions	None		
Is there any disagreement in opinion with the issuer	Yes	Accounting principle or practice	
		Disclosure of financial statements	
		Auditing scope or procedures	
		Others	
	No		✓
	Explanation		
Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4-7 of the Standards)	None		

2. Information of successor CPAs

Accounting Firm	Deloitte Taiwan
CPA	Chiang-Hsun Chen and Sheng-Tai Liang
Date of Engagement	Approved by the 443 rd Board of Directors on March 22, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

3. Former CPA's reply to sub-paragraph 1 and sub-paragraph 2-3, paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

3.5.3 The Company's Chairman, President, and Managers in Charge of its Finance and Accounting Operations Held Any Positions in the Company's Independent Auditing Firm or its Affiliates in the Past Year

None.

3.6 Changes in the Transfer and Pledge of Shareholding of Directors, Managers, and Shareholders with 10% Shareholding or More

1. Changes in Shareholding of Directors, Managers and Major Shareholders

Title (Note 1)	Name	2022		Current Year Up to 03/10/2023	
		Net Change in Shareholding	Net Change in Share Pledged	Net Change in Shareholding	Net Change in Share Pledged
Chairman	Jason K.L. Chang	0	0	0	0
Director	Chi-Te Chen	0	0	0	0
Director	Tong Yang Chia Hsin Int'l Corp.	0	0	0	0
Representative of Corporate Director	Pan Howard Wei-Hao	0	0	0	0
Representative of Corporate Director	I-Chen Liu	0	0	0	0
Independent Director	Robert K. Su	0	0	0	0
Independent Director	Pao-Chu Lin	0	0	0	0
Independent Director	Kevin Kuo-I Chen	0	0	0	0
President Also CEO of Headquarter Office ,Chief Sustainability Officer and Chief Officer of Corporate Governance	Li-Hsin Wang	0	0	0	0
Manager Also Finance Officer	Jane Y.C. Chou	0	0	0	0
Assistant Manager Also Accounting Officer	Mars Feng	0	0	0	0
Major Shareholder (16.44%)	Tong Yang Chia Hsin Int'l Corp.	0	0	0	0
Independent Director	Chia-Shen Chen (resigned on 06/14/2022)	0	0	0	0
Independent Director	Kuan-Ming Chen (resigned on 06/14/2022)	0	0	0	0
President	Chih-Chu Chi (resigned on 07/13/2022)	0	0	0	0

Note 1: Shareholders with 10% shareholdings or more shall be stated separately as Major shareholder.

2. Shares Trading with Related Parties: None.

3. Shares Pledge with Related Parties: None.

3.7 Relationship among the Company's Top Ten Shareholders

Relationship among the Company's Top Ten Shareholders

Name (Note 1)	Personal Shareholding		Spouse's & Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between the Company's Top Ten Shareholders, or Spouses or Relatives within Two Degrees of Kinship (Note 3)		Remarks
	Shares	(%)	Shares	(%)	Shares	(%)	Name	Relationship	
Tong Yang Chia Hsin Int'l Corp.	127,370,320	16.44	0	0	0	0	Int'l Chia Hsin Corp.	Supervisor	-
Tong Yang Chia Hsin Int'l Corp. Representative: Jason K.L. Chang	4,808,396	0.62	4,477,000	0.58	1,035,000	0.13	Yung-Ping Chang Taiwan Cement Corp.	Father & Son Director (JPR)	-
Sung Su Investment Corp.	68,780,239	8.88	0	0	0	0	None	None	-
Sung Su Investment Corp. Representative: Yung-Ping Chang	41,748,178	5.39	6,797,543	0.88	0	0	Nelson An-Ping Chang Hsien-Ping Chang Chang Koo, Huai-Ju Jason K.L. Chang Int'l Chia Hsin Corp.	2 nd degree kinship 2 nd degree kinship 2 nd degree kinship Father & Son Director	-
Yung-Ping Chang	41,748,178	5.39	6,797,543	0.88	0	0	Same as above	Same as above	-
Taiwan Cement Corp.	27,419,416	3.54	0	0	0	0	Ta-Ho Marintime Corp.	Parent/ Subsidiary	-
Taiwan Cement Corp. Representative: Nelson An-Ping Chang	6,410,956	0.83	241,252	0.03	0	0	Yung-Ping Chang Hsien-Ping Chang Chang Koo, Huai-Ju Ta-Ho Marintime Corp. Chia Hsin R.M.C. Corp.	2 nd degree kinship 2 nd degree kinship Spouse Director(JPR) Director	-
Ta-Ho Marintime Corp.	25,761,288	3.33	0	0	0	0	Taiwan Cement Corp.	Parent/Subsidiary	-
Ta-Ho Marintime Corp. Representative: Li-Wen Tsai	0	0	0	0	0	0	None	None	-
Nutri Vita Inc.	17,266,817	2.23	0	0	0	0	None	None	-
Nutri Vita Inc. Representative: Hsien-Ping Chang	1,000	0	0	0	0	0	Yung-Ping Chang Nelson An-Ping Chang Chang Koo, Huai-Ju Tong Yang Chia Hsin Int'l Corp. Int'l Chia Hsin Corp. Chia Hsin R.M.C. Corp.	2 nd degree kinship 2 nd degree kinship 2 nd degree kinship Supervisor Supervisor Supervisor	-
Chia Hsin Foundation	14,842,899	1.92	0	0	0	0	None	None	-
Chia Hsin Foundation Representative: Jason K.L. Chang	4,808,396	0.62	4,477,000	0.58	1,035,000	0.13	Yung-Ping Chang Taiwan Cement Corp.	Father & Son Director (JPR)	-
Int'l Chia Hsin Corp.	14,640,437	1.89	0	0	0	0	Tong Yang Chia Hsin Int'l Corp.	Director	-
Int'l Chia Hsin Corp. Representative: Shiao-Lin Chen	0	0	0	0	0	0	Tong Yang Chia Hsin Int'l Corp.	Supervisor(JPR)	-

Name (Note 1)	Personal Shareholding		Spouse's & Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between the Company's Top Ten Shareholders, or Spouses or Relatives within Two Degrees of Kinship (Note 3)		Remarks
	Shares	(%)	Shares	(%)	Shares	(%)	Name	Relationship	
Guo-Huei Gu	13,491,408	1.74	0	0	0	0	None	None	-
Chia Hsin R. M. C. Corp.	13,151,113	1.70	0	0	0	0	Taiwan Cement Corp.	Director	-
Chia Hsin R. M. C. Corp. Representative: Chang Koo, Huai-Ju	241,252	0.03	6,410,956	0.83	0	0	Yung-Ping Chang Hsien-Ping Chang Nelson An-Ping Chang	2 nd degree kinship 2 nd degree kinship Spouse	-

Note 1: Separately identify the names of the top 10 shareholders and, where the shareholder is an institutional shareholders, separately list the names of the institutional shareholder and its representative.

Note 2: Separately indicate the shareholding (%) under the person's own identity, spouse & minor children, and by nominee arrangement.

Note 3: The shareholders listed above include institutional and individuals, and the relationship is disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

3.8 Comprehensive Shareholding Information Relating to the Company, Directors, Managers, and Companies through Direct and Indirect Control

Comprehensive Ownership Information

Unit: Share; %

Affiliated Companies (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/Managers		Comprehensive Ownership	
	Shares	%	Shares	%	Shares	%
Tong Yang Chia Hsin International Corp.	257,073,050	87.18	462,490	0.16	257,535,540	87.34
Chia Hsin Pacific Ltd.	19,186,070	74.16	6,257,179	24.18	25,443,249	98.34
Chia Hsin Property Management & Development Corp.	100,000,000	100.00	0	0	100,000,000	100.00
Chia Pei International Corp.	19,560,000	100.00	0	0	19,560,000	100.00
Bluesky Co., Ltd.	8,300,000	100.00	0	0	8,300,000	100.00
YJ International Corp.	228,000,000	100.00	0	0	228,000,000	100.00
Jaho Life Plus+ Management Corp.	40,000,000	100.00	0	0	40,000,000	100.00
Chis Hsin Construction & Development Corp.	31,458,920	46.18	284,421	0.42	31,743,341	46.60
LDC ROME	(Note 2)	40.00	0	0	0	40.00
L'Hotel De Chine Corporation	67,998,915	23.10	0	0	67,998,915	23.10

Note 1: The affiliated companies stated are long-term investments accounted for using equity method as of 31 December 2022 by the Company.

Note 2: Investment amount: EUR18,671,000.



4.1 Capital and Shares

4.1.1 Source of Capital

Source of Capital

Date	Issue Price Per Share	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount NTD	Shares	Amount NTD	Source of Capital NTD	Capital Increased by Assets Other Than Cash	Other
12/31/2007	10	779,639,050	7,796,390,500	673,687,050	6,736,870,500			
02/04/2008	10	779,639,050	7,796,390,500	671,888,050	6,718,880,500	a	17,990,000	
08/29/2008	10	779,639,050	7,796,390,500	739,076,855	7,390,768,550	b	671,888,050	
12/02/2008	10	779,639,050	7,796,390,500	725,830,855	7,258,308,550	c	132,460,000	
03/18/2009	10	779,639,050	7,796,390,500	717,877,855	7,178,778,550	d	79,530,000	None
08/18/2010	10	779,639,050	7,796,390,500	732,235,412	7,322,354,120	e	143,575,570	None
08/04/2011	10	779,639,050	7,796,390,500	754,202,474	7,542,024,740	f	219,670,620	
08/19/2012	10	1,500,000,000	15,000,000,000	776,828,548	7,768,285,480	g	226,260,740	
01/18/2016	10	1,500,000,000	15,000,000,000	774,780,548	7,747,805,480	h	20,480,000	

Note: Source of capital are as follows,

- a. Share repurchase and cancellation of NTD 17,990,000
- b. Capital increase from retained earnings of NTD 671,888,050
- c. Share repurchase and cancellation of NTD 132,460,000
- d. Share repurchase and cancellation of NTD 79,530,000
- e. Capital increase from retained earnings of NTD 143,575,570
- f. Capital increase from retained earnings of NTD 219,670,620
- g. Capital increase from retained earnings of NTD 226,260,740
- h. Share repurchase and cancellation of NTD 20,480,000

Share Type	Authorized Capital			Remarks
	Outstanding Shares(Note)	Unissued Shares	Total Shares	
Common Share	774,780,548	725,219,452	1,500,000,000	Listed Shares

Note: Treasury stocks included. Refer to 4.1.9 for details.

Information for Self Registration

Securities Type	Preparing to Issue Amount		Issued Amount		Purpose and Effect for Issued Shares	Issue Period for Unissued Shares	Remarks
	Total Shares	Authorized Amount (NTD)	Shares	Price (NTD)			

NA

4.1.2 Structure of Shareholdings

Structure of Shareholdings

As of 08/10/2022: the ex-dividend Date

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	4	276	62,142	151	62,574
Shareholding (Shares)	3,872	1,704,056	423,342,962	310,560,489	39,169,169	774,780,548
Percentage	0.00%	0.22%	54.64%	40.08%	5.06%	100%

4.1.3 Shareholding Distribution Status

Shareholding Distribution Status

As of 08/10/2022: the ex-dividend Date

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	39,067	4,697,271	0.61%
1,000 ~ 5,000	17,393	37,316,056	4.82%
5,001 ~ 10,000	3,089	23,635,318	3.05%
10,001 ~ 15,000	1,011	12,644,698	1.63%
15,001 ~ 20,000	551	10,153,958	1.31%
20,001 ~ 30,000	467	11,804,907	1.52%
30,001 ~ 40,000	208	7,344,042	0.95%
40,001 ~ 50,000	148	6,854,867	0.89%
50,001 ~ 100,000	284	20,544,094	2.65%
100,001 ~ 200,000	162	22,374,761	2.89%
200,001 ~ 400,000	82	23,914,227	3.09%
400,001 ~ 600,000	24	11,977,286	1.55%
600,001 ~ 800,000	10	6,897,258	0.89%
800,001 ~ 1,000,000	10	8,966,920	1.15%
1,000,001 or over	68	565,654,885	73.00%
Total	62,574	774,780,548	100%

Preferred Shares

As of 08/10/2022: the ex-dividend Date

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
NA	NA	NA	NA
Total	NA	NA	NA

4.1.4 Major Shareholders

List of Major Shareholders

As of 08/10/2022: the ex-dividend Date

Name of Shareholders	Shareholding	
	Shares	Percentage
Tong Yang Chia Hsin Int'l Corp.	127,370,320	16.44%
Sung Ju Investment Corp.	68,780,239	8.88%
Yung-Ping Chang	41,748,178	5.39%
Taiwan Cement Corp.	27,419,416	3.54%
Ta-Ho Marintime Corp.	25,761,288	3.33%
Nutri Vita Inc.	17,266,817	2.23%
Chai Hsin Foundation	14,842,899	1.92%
Int'l Chia Hsin Corp.	14,640,437	1.89%
Guo-Huei Gu	13,491,408	1.74%
Chia Hsin R. M. C. Corp.	13,151,113	1.70%

4.1.5 Information on Share Price, Net Worth, Earnings, Dividends and Related Information

Share Price, Net Worth, Earnings, Dividends and Related Information

Item \ Year		2021	2022	From Beginning of Current Year to 03 /10 /2023 (Note 8)
Market Price per Share (Note 1)	Highest	28.15	21.55	21.30
	Lowest	16.40	15.70	17.25
	Average	20.88	18.49	20.00
Net Worth per Share (Note 2)	Before Distribution	32.30	27.47	NA
	After Distribution	31.65	NA	NA
Earnings per Share (EPS)	Weighted Average Outstanding Shares (Thousand shares)	644,540	645,975	NA
	EPS(NTD) (Note 3)	1.02	(0.28)	NA
Dividends per Share	Cash Dividends	0.65	Pending for the resolution of the Board of Directors or Shareholders' meeting as of the publication date of this annual report	NA
	Stock Dividends			NA
	Earnings distribution Capital distribution			NA
	Accumulated Undistributed Dividends (Note 4)			NA
Return on Investment	Price / Earnings Ratio (Note 5)	20.47	-	NA
	Price / Dividend Ratio (Note 6)	32.12	NA	NA
	Cash Dividend Yield Rate (Note 7)	3.1%	NA	NA

*If there is stock dividend from Retained Earnings or Capital Surplus, the market price and cash dividend information retroactively adjusted according to the number of shares issued shall be disclosed.

Note1: List the highest and lowest market prices of common share in each year, and calculate the average market price of each year based on the annual transaction value and volume.

Note2: Fill in information based on number of outstanding shares as year end and according to the distribution resolution of current year's Shareholders' meeting.

Note3: If retrospective adjustments are required due to stock dividend distribution, earnings per before and after the distribution shall be listed.

Note4: If issuance terms of equity security stipulates that the dividends have not been paid in the current year can be accumulated to the year when there is a surplus, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note5: $\text{Price / Earnings Ratio} = \text{Average Market Price} / \text{Earnings per Share}$

Note6: $\text{Price / Dividend Ratio} = \text{Average Market Price} / \text{Cash Dividends per Share}$

Note7: $\text{Cash Dividend Yield Rate} = \text{Cash Dividends per Share} / \text{Average Market Price}$

Note8: Net worth per share and earnings per share shall be disclosed if the most recent quarter information was reviewed by the CPAs up to the publication date of this Annual Report; the rest of the fields shall be disclosed with information up to the publication date of this Annual Report. Information for 2023: as of 03/10/2023, the publication date of this annual report.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy

The remaining dividend policy is taken by the Company. In consideration of the future business expansion and capital needs, an appropriate amount of earnings can be retained. If there are undistributed earnings remained after the appropriation, distribution of earnings can be made, and at least 50% shall be distributed as dividend for shareholders.

For the distribution of shareholders' dividends, cash dividends shall be more than 10% of total dividends distributed in the current year, the remainders will be in stock dividends.

If it is necessary to change the aforementioned dividend policy due to changes in the requirements of government authorities or the Taiwan Stock Exchange, amendments to laws and regulations, changes in the domestic or foreign political or economic situation, major capital expenditures made by the Company, the Company being unable to acquire sufficient capital, or other factors that cannot be controlled by the Company, the Chairman is authorized to revise the dividend policies based on the circumstances and submit the revision proposal to the Board of Directors for discussion.

2. Implementation Status

As of the publication date of this annual report, the Board of Directors had not yet made a decision regarding the 2022 earnings distribution.

4.1.7 Impact of Stock Dividend Proposed on the Company's Operation Performance and Earnings per Share: NA

4.1.8 Compensation of Employees and Directors

1. The percentage or range of compensation for employees and directors specified in the Company's Articles of Incorporation:

Should there be profit in a year, the Company shall appropriate compensation for employees and directors at the rates of 0.01% to 3% and no more than 3%, respectively. When there are accumulative deficits, the Company shall retain the amount to cover the deficits before appropriating the above mentioned compensation. The compensation for employees and directors shall be approved by the Board and reported at the shareholders' meeting.

2. Bases for estimating compensation for employees and directors of the period, for calculating compensation for employees in stock, and for accounting solution for differences between actually distributed amount and estimated amount:

The differences will be adjusted in the next accounting year as a change in accounting estimates.

3. Information on the proposal on compensation distribution passed by the Board of Directors:

- (1) The amount of compensation for employees and directors distributed in cash or in stock. Should there be any difference from the estimated amount of the expense recognized for the year, the difference, its causes, and solutions shall be disclosed.

The Company does not plan to distribute any additional compensation this fiscal year, therefore this does not apply.

- (2) The proportion of amount equivalent to the stock distributed as compensation for employees in the earnings after tax in the parent company only financial statement of the period and the total amount of compensation for employees:

The Company does not plan to distribute any additional compensation this fiscal year, therefore this does not apply.

4. The actual distribution of employee, director, and supervisor remuneration for the previous fiscal year (including the number of shares distributed, the amount, and the share price), any differences between the distribution and recognition of employee, director, and supervisor remuneration should be explained, and the difference, reasons, and handling should be disclosed:.

Remuneration for employees and directors for the fiscal year 2021

Unit: NTD thousands

Type of Remuneration	Board Resolution (03/22/2022)	Actual Payment
Employee Compensation(Cash)	9,660	9,660
Director Compensation(Cash)	9,660	9,660

4.1.9 Buy-Back of Treasury Stock

1. Repurchase Already Completed

As of 12/31/2022

Batch Order	The Ninth Batch
Purpose of Buy-back	Transfer to employees
Timeframe of Buy-back	109/03/26-109/05/22
Price Range	NTD 14.79 ~ 15.96 per share
Type and Number of Shares Repurchased	1,435,000 shares of Common stock
Value of Shares Repurchased	NTD 22,239,663
Number of Shares Repurchased as a Percentage of the Total Shares to Be Repurchased.	20.50%
Shares Cancelled/Transferred	-
Accumulated Number of Repurchased Shares Held by the Company	1,435,000 shares of Common stock
Accumulated Number of Repurchased Shares held as a Percentage to the Total Outstanding Shares Issued by the Company	0.19%

2 Any Repurchase Still in Progress: None

4.2 Issuance of Corporate Bonds

None.

4.3 Issuance of Preferred Shares

None.

4.4 Issuance of Global Depositary Receipts

None.

4.5 Issuance of Employee Stock Warrants

None.

4.6 Issuance of New Restricted Employee Shares

None.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions

None.

4.8 Financing Plan and Implementation

None.

5 Operational Highlights



5.1 Business Activities

5.1.1 Business Scope

Sector	Proportion of Operations
Cement	44%
Storage and Logistics	24%
Real Estate	12%
Hospitality	20%

5.1.2 Industry Overview

1. Cement Sector

Current Status and Future Development

Our Company's cement sales market focuses mainly on the central and northern parts of Taiwan. The domestic cement market is a mature industry with a stable demand. Although the global economy was affected by the COVID-19 pandemic, which caused high uncertainty in the external environment, the impact on Taiwan's economy was much less. According to Taiwan Cement Manufacturers' Association's 2022 annual statistics, Taiwan domestically produced 11,223,472 metric tons of cement, a 6.14% decrease from last year. The total annual consumption of cement was 13,476,994 metric tons, a 6.70% increase from the previous year. The average consumption per person was 579 kilograms. It is anticipated that the cement demand will see a slight increase in 2023 following the developments of major domestic infrastructures.

Unit: metric tons

Year \ Item	Domestic Cement Production	Domestic Cement Consumption (Sum of Domestic and Imported Cement Sales)
2021	11,957,769	12,631,023
2022	11,223,472	13,476,994
Difference	-734,297	845,971

Source: Taiwan Cement Manufacturers' Association

Following the increase in environmental awareness and the more active international efforts to reduce greenhouse gasses and carbon emissions in recent years, the cement industry will have more stringent demands on environmental protection. Only manufacturers who can meet governmental standards and international regulations can continue to achieve sustainable operations.

Supply Chain Relationship

The upstream, midstream, and downstream cement sales include: cement production supplier, marine shipping industry, cement storage industry, land transportation and distribution industry, ready-mixed concrete industry, cement product manufacturing industry, construction industry, and etc.

Product Development Trends and Competitions

Among all cement products, Portland Type I cement is the most commonly utilized in the domestic market. However, we a slighting increasing tread for Portland Type II cement in the public construction sector. Although our company currently only manages the sale of Portland Type I cement, we will be able to include Portland Type II cement sale at any time if there is a demand in the future.

2. Storage and Logistics Sector

Current Status and Future Development

The Storage and Logistics Sector of our company mainly provides handling services for industrial bulk raw materials. The handling volume at the ports will fluctuate with the condition of the domestic economy. In 2022, the bulk cargo handling volume of Taipei Port was 10,899,424 metric tons, a 12.92% decrease compared to last year; Keelung Port was 3,600,735 metric tons, a 14.52% decrease compared to last year; Taichung Port was 55,974,121 metric tons, a 9.76% growth from last year.

Handling Volume at Each Port

Unit: metric tons

Year \ Port	Taipei Port	Keelung Port	Taichung Port
2021	12,517,344	4,212,197	50,998,580
2022	10,899,424	3,600,735	55,974,121
Difference (%)	-12.92%	-14.52%	9.76%

Source: Official website of each Port Bureau

Supply Chain Relationship

Warehousing and distribution related industries include: transportation, warehousing, lodging and unloading, handling, packaging, distribution processing, delivery, information platform, and related merchants.

Product Development Trends and Competitions

Port handling volume is reflected through the prosperity of the domestic economy, and it will also be affected by the market demand where each port is located. As a result, the demands brought by major economic developments and old building reconstructions in the northern part of Taiwan will be the driving force in promoting the handling volume. Port handling will be affected by the logistics cost on the demand side, leading small clients to choose ports closer to the market or large clients to directly apply for new docking location. However, with the rise of environmental awareness, owning the rights to operate the ports and providing low-air pollution products and solutions are important to remain competitive in the market.

3. Real Estate Sector

Current Status and Future Development

In 2022, the overall commercial real estate transactions in Taiwan reached 132.5 billion NTD, a year-on-year decrease of 25%, hitting a 4 year low. In terms of the office leasing market, there is still no new supply released in the central business district of Taipei, which led to a three-year consecutive decrease in the vacancy rate to 2.38%. The average rent per ping for Class A office buildings increased slightly by 0.54% to NTD2,035, while the average rent per ping for Class B offices remained flat at NTD1,581.

As for the industrial real estate market, the demand for new construction and expansion driven by industrial upgrading, coupled with the government releasing a large amount of industrial land in the north, central and south regions, grew against the trend in a changing market environment. The total transaction amount for industrial land, factories and plant offices in 2022 reached NTD80.7 billion, with a year-on-year growth rate of 17%. The main trading centers were plants, offices, and factories in New Taipei City and Taoyuan City.

Supply Chain Relationship

In property management, our main upstream industries include: real estate developers, real estate investment industry, and etc.; midstream industries include: construction industry, engineering consulting industry, building materials industry, interior design industry, and etc.; downstream industries include: property management industry, real estate brokerage industry, support service industry, and other support commercial services industry.

Product Development Trends and Competitions

The real estate market is affected by factors such as macroeconomics, housing policies, market supply and demand, etc. In 2022, the number of building transactions in the six major cities of Taiwan was 243,910, a decrease of 8.9% from the previous year, hitting a three-year low. This is the first decline in transaction volume in nearly six years, indicating a potential reversal in the housing market. Among them, New Taipei City, Tainan City, and Kaohsiung City all decreased by more than 10% annually. Tainan City's transaction

volume is still the third highest in nine years, while Taichung City grew against the trend, increasing by 2% to reach a new high in nearly nine years. Its transaction performance is the best among the six major cities.

4. Hospitality Sector

Hotel

Current Status and Future Development

In the second half of 2022, the global hospitality industry began to see signs of recovery as countries relaxed their boarder restrictions. European countries were the first to resume normal life and business operations in June. Japan and Taiwan followed and gradually opened the borders in October. By the end of 2022, the international tourism has started to revitalize. The number of inbound tourists to Okinawa in 2022 was 5.69 million, an increase of 2.68 million from the previous year, a year-on-year growth of 88.9%. Local Japanese tourists accounted for 99% of inbound tourists to Okinawa, and tourists from Tokyo still compose the majority of the traveling population. From Golden Week starting in May, followed by the peak season of summer vacation, to the opening of the pandemic restrictions at the end of the year, it is obvious that the demand for hospitality and tourism has returned to the market. Japan's border was lifted in October, finally relieving international flights suspension after two years.

The number of international tourists visited Okinawa in 2022 was 47,700; however, due to a shortage of airport ground personnel, the number of international flights could not return to the pre-pandemic levels. Therefore, this limited the number of international tourists arriving in Okinawa. Looking ahead at the impact of the Russian-Ukraine War and the pandemic, energy costs and personnel shortages have become the biggest challenges after recovery. How to control costs and have enough manpower to cope with the recovery of tourism is the challenge that the entire hospitality industry must face in 2023.

Healthcare

Current Status and Future Development

As the overall economy, birth rate, and the impact of the pandemic continue to hit the world, postpartum care institutions in Taiwan are showing signs of decline. At the end of 2021, there were a total of 284 postpartum care homes in Taiwan, and in early 2022, there were 61 postpartum care institutions in Taipei. As of the end of 2022, the actual number of institutions reduced to 56, with 1,130 open beds and 1,315 baby beds. As previously estimated, postpartum care institutions are a high-cost industry in terms of cost structure in response to relevant regulations from the supervisory authorities, but they are not fully understood in the consumer market. All institutions are trying their best to promote sales and internal control, but they cannot highlight the characteristics and substantial significance of the industry, resulting in a certain degree of difficulty in business

operations in the prices that consumers are willing to accept, which has led to a specific decrease in the number of institutions. Additionally, due to the continuous decrease in the birth rate, the total number of births in Taiwan in 2022 was 138,986, a decrease of 14,834 (a decrease of 9.64%) compared to 2021, which also makes the industry face more difficult situations. If the vision is to develop towards the future and improve people's quality of life, this industry still has a favorable development space and has the potential to become one of the solutions to the declining birthrate. Considering future development, this industry still has unlimited potential, mainly in the innovation of service content and business models which integrate existing consumer demands and provide extended services beyond basic plans. In addition, due to the change in the overall environment, consumers are also expected to request for more diverse and flexible service models.

Supply Chain Relationship

The related industries of postpartum care institutions range from professional medical institutions for women and babies, maternity and infant products, catering, knowledge course centers, SPA aromatherapy services, and health consulting to other related industries, such as those related to health issues and the growth and development of infants and young children. In recent years, preventative medicine, residential environment quality, and early childhood education have started to receive more attention.

Product Development Trends and Competitions

The product trends vary by areas. In urban city areas, nearly 70% of the expectant mothers will choose to stay in postpartum care institutions. Every institution has its competitive advantages, but the majority follow the regulations of the Ministry of Health and Welfare. The Company's Gemcare Maternity Center is now actively developing the industrial chain, aiming to utilize its own strengths and combine external resources to provide a foundation for a comprehensive service for postpartum care and healthcare.

5.1.3 Technology and Research & Development Status

The Company works closely with the industry for technological research and development. We introduce closely evaluated, mature applications into the service and healthcare industry systems to strengthen service qualities and reduce labor intensity.

5.1.4 Long-Term and Short-Term Development Plans

A. Short-Term

1. **Cement Sector:** Strengthen sales channels in Taiwan's cement market.
2. **Storage and Logistics Sector:** Sustain existing clients and continue to expand new sales.
3. **Real Estate Sector:** Revitalize under-utilized assets through dynamic land development and property leasing.

4. Hospitality Sector

- (1) Strengthen the know-how for the hotel and healthcare industry. Foster talent, establish core advantages, and integrate smart technologies in the operations.
- (2) Actively cooperate with various professional teams to increase the medical professionalism and added value for the Company's services.

B. Long-Term

- 1. Cement Sector:** Maintain strategic investment in Taiwan Cement Corporation and indirectly benefit from the investment interests in the Chinese and European cement markets. Additionally, in the field of circular economy of the cement industry, our company continues to support Taiwan Cement Corporation's business' in renewable energy, batteries, energy storage, and waste treatment to respond to future sustainable development projects at a higher efficiency and at a larger scale.
- 2. Storage and Logistics Sector:** Maintain the variety and stability of goods and reduce seasonal fluctuations to sustain stable profits.
- 3. Real Estate Sector:** In order to reach the goals of asset revitalization and the growth in leasing profits, continue to develop current assets and promote developmental leasing.

4. Hospitality Sector

Hotel

- ▶ Strengthens the value and market awareness for the Company's brand Hotel Collective.
- ▶ Cooperate with international brands and related companies, utilize partner's resources, and expand the Company's influences into different markets.

Healthcare

- ▶ Continue to strategically cooperate with upstream and downstream industries to establish a comprehensive and high-quality healthcare model.
- ▶ Develop a good team with a professional foundation, cultivate professionals who specialize in the healthcare industry.
- ▶ Combining business models, social welfare, and educational promotion to convey the concept of health.

5.2 Market, Production, and Sales Overview

5.2.1 Market Analysis

1. Cement sector

Sales Regions, Market Share, Future Supply and Demand, and Future Growth of Main Products

Our company's cement sales mainly focus on Central and Northern Taiwan's markets. Taiwan's domestic cement market is a mature industry with limitations to grow. However, following the gradual increase of projected subcontracting budget and the increase in environmental protection and green energy construction, the 2023 domestic cement demand is estimated to increase by a slight growth compared to 2022.

Competitive Niche

Our company has a standing history in cement operations. We have established sales channels and a strong client foundation. Currently at Keelung port and at Taichung port, we each have large cement silos with the storage capacity of 38,000 and 45,000 metric tons. These delivery locations are in close proximity to the markets, covering the economic belt in the western strip. We provide convenience in our services to our clients.

Favorable Factors for Industry Development

Taiwan's cement industry is mature, and the prices and the supply are relatively stable. In addition, with the returning of Taiwanese businessmen and the development of the technology industry, the demand side is showing a steady growth trend.

Unfavorable Factors for Industry Development and Countermeasures

Due to the limited resources and energy policies in Taiwan, the cement industry has to significantly reduce greenhouse gasses and carbon emissions, increasing operational cost.

Countermeasures: We have shifted from being a cement manufacturer to a cement distributor. In terms of strategic investment, we select investment targets that have a strong focus on reducing GHGs contributing to a circular economy.

2. Storage and Logistics Sector

Sales Regions, Market Share, Future Supply and Demand, and Future Growth of Main Products

Taipei Port No.1 Bulk Cargo Center's handling business mainly serves wholesalers and manufacturers in the sand, coal, and bulk cargo industries in Northern Taiwan. In 2022, our company handled 4,670,688 metric tons of bulk cargo, accounting for approximately 42.85% of the total related handling volume in Taipei Port. Both the market demand for

sand and gravel in Northern Taiwan and the economic growth rate are simultaneously showing slight growths. The supply side, on the other hand, is easily affected by climate (typhoons, abnormal rainfall) impacts on the dredging volume of rivers. It can also be easily affected by local government policies on mining, quarrying, related production, and transportation cost, causing fluctuations in supply.

Competitive Niche

Port operation business is a concession industry with a high barrier of entry.

Favorable Factors for Industry Development

The terminal adopts environmental friendly unloading and warehousing operations as the current trend. Currently, the bulk cargo operations in Keelung Port have not yet adopted hermetic handling operations. Due to the limited backline hinterland, it is difficult to install related environmental protection facilities. Therefore, in the future, in accordance with domestic environmental protection standards, the port's sand, gravel, and bulk cargo handling business is expected to gradually move out, giving Taipei Port's No. 1 Bulk Cargo Center an advantage.

Unfavorable Factors for Industry Development and Countermeasures

Under the condition that Northern Taiwan is not a main development area for traditional manufacturing, and the governmental control of coal emissions is increasing, the demand for coal in the north is difficult to increase. This kind of situation affects the coal unloading business.

Countermeasures: We pay close attention to the direction of the domestic energy policy, so that the Taipei Port First Bulk Cargo Center can expand the loading and unloading business of other bulk cargoes in addition to gravel and coal loading and unloading.

3. Real Estate Sector

Sales Regions, Market Share, Future Supply and Demand, and Future Growth of Main Products

The real estate leasing and asset development sector focuses on business operations such as asset leasing, asset management, and asset development. The company's revenue in 2022 is 270,161,000 NTD, an increase of 7.67% from 250,926,000 NTD in 2021; the annual average occupancy rate of the Chia Hsin Building is 96.32%, and the rental income increased by 3.19%; Gangshan factories average leasing rate is 62.91%, a 4.74% increase in leasing revenue. Other rental income increased by 15.72%.

Competitive Niche

The Company's Chia Hsin Building is located on Zhongshan North Road, also known as the "Taipei Omotesando", between the Shuanglian and Minquan West Road MRT

stations. It takes only a 3-minute walk from the MRT stations, and a 5-minute car ride from Taipei Main Station. The surrounding area has perfect living functions, many well-known hotels, restaurants, banks, and post offices. It is a high-end office building with convenient transportation.

The Company's Gangshan factory is located at Chia Hsin East Road, Gangshan District, Kaohsiung City. Amongst, the old Gangshan factory has a total area of 47,690.29 ping with a neat terrain. It is a rare large-scale industrial area. It takes 10 minutes to drive to Zhongshan Gaogangshan Interchange and Nangangshan MRT Station.

Favorable Factors for Industry Development

Commercial real estate transactions in 2022 saw a decrease in overall volume, shifting from a hot market to a cooler one in the second half of the year. While buyers for self-use properties became more conservative, investment-oriented buyers were not affected, with the best performance seen in commercial and industrial properties. This is believed to be due to the increasing demand for corporate transformation in the future. Additionally, with the passage of the proposed amendment to the "The Equalization of Land Rights Act," which restricts private individuals from purchasing residential properties, high-net-worth individuals may redirect their funds to commercial real estate. It is expected that with a gradual rise in interest rates and economic stability after the lifting of restrictions, prices and buying sentiment for commercial real estate will remain stable.

Unfavorable Factors for Industry Development

Due to the continuous interest rate hikes by the central bank, the demand for real estate has significantly cooled since the second half of the year, with commercial real estate transactions in Q4 totaling only 16.1 billion NTD, showing a lackluster trend during peak season, making it the lowest quarterly transaction volume in the past 10 seasons. In addition, after the passing of the "The Equalization of Land Rights Act" the real estate market was impacted, and the land market was affected by the anti-speculation policies. There were only 7 large transactions in the fourth quarter, totaling 3.627 billion NTD, a 53% decrease from the previous quarter and a 93% decrease from the same period last year. The total transaction volume for the year was 61.815 billion NTD, a sharp decrease of 63% compared to the same period last year.

Countermeasures: In the short term, the economic situation and government policies will indeed have an impact on the residential market, but in terms of medium to long-term development, investment in commercial and industrial real estate is expected to become a focus of attention for value preservation and inflation resistance. Therefore, at present, it is still essential to revitalize the company's existing commercial and industrial real estate.

4. Hospitality Sector

The hospitality sector mainly has two product lines: Hotel and the Healthcare industry.

Hotel

Sales Regions, Market Share, Future Supply and Demand, and Future Growth of Main Products

The company's new city resort hotel brand, Hotel Collective, has been officially put into operation in Naha, Okinawa Prefecture, Japan in 2020. Hotel Collective has a total of 260 rooms, accounting for 3.72% of the 6,990 rooms in Okinawa city hotels market. Due to difficulties in acquiring large areas of land in Naha City, it is hard to develop large tourist hotels. Most of the new supply is urban business hotels. Hotel Collective's main competitors are the Hyatt Regency Naha, Rihga Royal GRAN Hotel, and The Naha Terrace. In 2022, Hotel Collective's annual operating income came to 1.509 billion yen, an increase of 150% from the previous year. The hotel has also maintained good service qualities and a high score in guest satisfaction. On Booking.com, we scored 9.1 out of 10 and won the 2022 Traveller Review Award.

Competitive Niche

1. The hotel is located in the center of Kokusai Street, a prime location for tourism.
2. The hotel's hardware facilities are the most advanced in the industry, and the first to introduce giant LED screens in the banquet hall.
3. Spacious rooms and bathrooms compared to traditional city hotel.
4. The hotel has multinational employees, which gives great advantages in receiving international tourists.

Favorable Factors for Industry Development

1. The second runway of Okinawa was completed and opened in 2020, increasing the frequency of take-offs and landing. This increases the number of tourists from Japan and overseas to visitors.
2. As border restrictions are lifted, international tourism will gradually recover. However, it is expected that intercontinental tourism will recover slower due to the uncertain recovery time of the global epidemic. Therefore, short-distance international tourism will be travelers' first choice. Japan, expected to stabilize the epidemic early with the popularization of vaccines, is bound to be the best choice for East Asia tourism. In addition, Okinawa has always been a tourist attraction in Japan; so when the epidemic is contained, it should usher in a strong rebound.

Unfavorable Factors for Industry Development and Countermeasures

1. The recovery period for international tourism will take a longer time. It is expected that the number of travelers will return to pre-Covid level after 2024.

Countermeasures: Hotel Collective will focus primarily on domestic tourists as its target audiences and strengthen regional marketing channels.

2. The Coronavirus pandemic affecting the labor market. It is anticipated to cause an imbalance in supply and demand when the peak season arrives.

Countermeasures: Reduce the turnover rate of personnel and strengthen the cooperation with schools and institutions.

3. Utility costs increase affecting the hotel's cost management.

Countermeasures: Strengthen the hotel's policy on energy savings and develop self-generating electrical systems to lower the risk of rising utility costs.

Healthcare

The total number of births in Taipei City in (2022) was 14,528, a decrease of 12.98% from the 16,695 births in (2021) and a decrease of 23.65% from the 19,029 births in (2020). Taipei City has had fewer births than deaths for two consecutive years, and its population has shown negative growth (Taiwan's population has shown negative growth for three consecutive years). This has had a significant impact on the operations of postpartum care institutions. Although there is a continuous decline in the number of births, it highlights the increasing demand for the quality of service in the postpartum care industry. When supply exceeds demand, the gap and difference between customer demographics has been increased. We have targeted specific demographic groups and provided and implemented various services based on their attributes. Although short-term performance decline may occur in the overall poor economic situation, after institutional consolidation and maintaining brand positioning and values, our institution will surely demonstrate its performance in future business operations.

Competitive Niche

After nearly 7 years of hard work, the brand of "Ren Zhi Chu" Gemcare Maternity Center, has gained certain levels of recognition and trust. In addition to the internal focus on team building and improving service quality, we have our own exclusive catering unit and an extended health service team. In terms of promoting brand values and content, we have distinguished ourselves from other institutions. Our company background and business philosophy provide great support and increase the confidence of consumers in our institution.

Moreover, Gemcare Maternity Center constantly expands its service scope, no longer just providing postpartum care during the postpartum period. We also strive to find external professional teams with the same mission and concept to plan comprehensive services and to help people in the society achieve better health. This consensus grants customers with a greater understanding of our brand value. The warmth, dedication, and professionalism have become the most valuable corporate culture and core competitiveness of Gemcare Maternity Center.

Favorable Factors for Industry Development

1. Utilize the results of team building to showcase the ability of various professional services.
2. The background of the corporation can provide more resources to respond to the current situation and to further develop the brand.
3. Use the existing brand value to create more services and improve performance.

Unfavorable Factors for Industry Development

Due to the impact of the pandemic, the overall economic situation is not good, and the birth rate is declining. People in general tend to be more conservative and cautious about the future and their spending habits. In addition, due to the limitations set by the authorities and the lack of industry integration, various operators can only focus on their own businesses and cannot guide postpartum care towards a viable direction. The price-cutting competition in the past two years has not improved the business operations of some industries, but has instead forced some operators to close down. Under such a vicious cycle, we expect further restructuring of the sector in the first half of 2023. However, Gemcare Maternity Center will persist in our business concepts, adjust flexibly to current situations, and develop different strategies to face difficulties.

Countermeasures:

- (1) Focus on the target customer's business strategy, implement the execution details, increase word-of-mouth marketing and customer retention.
- (2) Collaborate with high-quality peers, leverage the advantages of both parties to create a new business model, and combine forces to promote innovative thinking.
- (3) Digitally manage customer needs, increase customer loyalty, effectively and accurately provide appropriate service content, and increase others revenue.

5.2.2 Important Applications and Production Processes of Main Products

Important Applications of Main Products

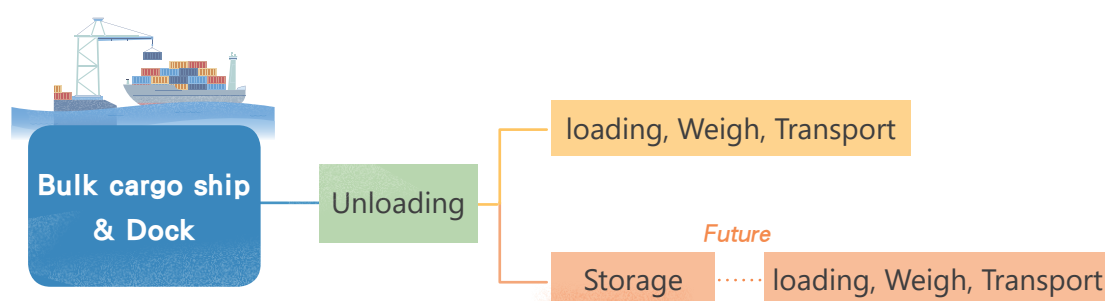
- 1. Cement Sector:** Our company primarily sells Portland Type I Cement, also known as ordinary cement. This kind of cement can be widely utilized in construction of bridges, highways, drainage equipment, dams, dikes, docking facilities, military equipment, houses, skyscrapers in civil engineering, and building surface modification.
- 2. Storage and Logistics Sector:** The handling, storage, and transfer service has facilitated the circulation of goods, making it possible for traded commodities to be transported to specific locations through relay stations.
- 3. Real Estate Sector:** Currently, our company's real estate business mainly focuses on leasing lands and buildings. Our tenants mainly use these spaces to set up factories or offices.

- 4. Hospitality Sector:** Our hospitality sector mainly operates guest rooms, food and beverages services, and care services. We aim to provide good and lasting impressions to our guests.

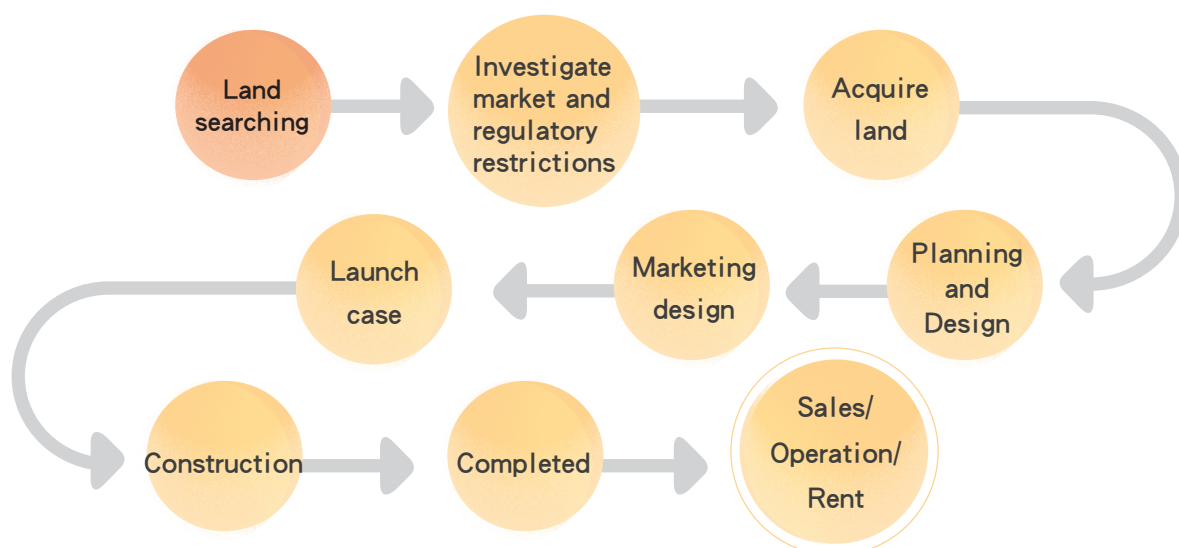
Main Product Production Process

- 1. Cement Sector:** Our company is a distributor in Taiwan. We purchase cement both domestically and internationally to ship it to the large silos at Keelung Port and Taichung Port (the capacity of the two ports are 38,000 metric tons and 45,000 metric tons respectively). Then, we sell it in separate packages or in bulk to our clients.

2. Storage and Logistics Sector



3. Real Estate Sector



- 4. Hospitality Sector:** In our food and beverage services, we purchase fresh food, beverages, and general products to provide delicacies for the consumers. And for our lodging services, after accepting guests' reservations through our official website, online travel agencies, traditional agencies, and or corporate collaborations, we purchase guestroom related products from vendors to give our guests the best staying experiences.

5.2.3 Supply of Main Raw Materials

- 1. Cement Sector:** According to Taiwan Cement Manufacturers' Association's 2022 annual production statistics, Taiwan's domestic production of cement is 11,223,472 metric tons, a 6.14% decrease from the previous year. The total annual consumption of cement is 13,476,994 metric tons, a 6.70% growth from the previous year. The supply and demand of cement is at an equilibrium. Our main cement suppliers are Taiwan Cement Corporation and Asia Cement Corporation.
- 2. Storage and Logistics Sector:** Our Storage and Logistics Sector that provides only handling services has no concern in raw material supply.
- 3. Real Estate Sector:** Our real estate leasing and asset development sector is mainly responsible for managing Taipei CHIA HSIN Building, Taipei Boai Rd. development project, New Taipei City land asset, Kaohsiung Dagang Mountain land asset, Kaohsiung Gangshan factories, and Kaohsiung Kuojian Rd. land asset.
- 4. Hospitality Sector:**
 - (1) Lodging: Our company provides 260 guest rooms at Hotel Collective, Japan and a total of 44 beds at the two Gemcare Maternity Centers in Taiwan.
 - (2) Food & Beverages: Through organic and sustainable consumption, we promote local sustainability. We not only work with upstream, superb quality food suppliers, we also purchase from organic food suppliers such as Yonglin Farm through GPING WELLNESS Co. LTD. Aligning with our corporate value, and we also support small, independent suppliers.

5.2.4 Major Suppliers and Customers in the Past Two Years

1. Major Suppliers in the Past Two Years

Unit NTD thousands

Item	2022				2021			
	Company Name	Amount	As % of Total Net Purchase	Relation with the Company	Company Name	Amount	As % of Total Net Purchase	Relation with the Company
1	Taiwan Cement	544,950	50%	The Company is Director of Taiwan Cement	Taiwan Cement	696,400	67%	The Company is Director of Taiwan Cement
2	Asia Cement	445,750	41%	None	Asia Cement	254,450	25%	None
3	Others	90,021	9%		Others	82,746	8%	
	Total Net Purchase	1,080,721	100%		Total Net Purchase	1,033,596	100%	

Note 1: Major suppliers refer to those accounted for 10 percent or more of the Company's total net purchase in the past two years. Where the name of the supplier is prohibited by contract from revealing, or where a trading counterpart is an individual who is not a related party, code can be used in place of the actual name.

Note 2: For the listed company, the most recent quarterly financial information which has been audited or reviewed by the accountant, prior to the publication date of this Annual Report, should be disclosed

2. Major Customers in the Past Two Years

Unit NTD thousands

Item	2022				2021			
	Company Name	Amount	As % of Total Net Purchase	Relation with the Company	Company Name	Amount	As % of Total Net Purchase	Relation with the Company
1	Lian Hsin Construction Material	263,598	12%	None	Lian Hsin Construction Material	303,782	14%	None
2	Others	1,990,061	88%		Goldsun Development & Construction	226,197	10%	None
3					Others	1,690,275	76%	
	Total Net Revenue	2,253,659	100%		Total Net Revenue	2,220,254	100%	

Note 1: Major customers refer to those accounted for 10 percent or more of the Company's total net revenue in the past two years. Where the name of the customer is prohibited by contract from revealing, or where a trading counterpart is an individual who is not a related party, code can be used in place of the actual name.

Note 2: For the listed company, the most recent quarterly financial information which has been audited or reviewed by the accountant, prior to the publication date of this Annual Report, should be disclosed.

Note 3: The sales to the customer of Goldsun Development & Construction was less than 10% of the total sales in the current period, which accounting for 10% of the total sales of last year, was due to the decrease in sales volume in the current period.

5.2.5 Production Volume and Value in the Past Two Years

Capacity/Quantity: MT
Amount: NTD thousands

Major Products (or by Department)	Output	Year	2022			2021		
			Capacity	Quantity	Amount	Capacity	Quantity	Amount
Portland Type I Cement			-	391,000	1,080,469	-	467,000	1,050,753
Clinker			-	-	-	-	-	-
Others			-	-	-	-	-	-
Total			-	391,000	1,080,469	-	467,000	1,050,753

Note 1: Production capacity refers to the quantity that the Company can produce under normal operation using existing production facilities after measuring necessary shutdowns, holidays and other factors.

Note 2: Where the production of individual products is substitutable, the combined production capacity may be calculated and annotated.

5.2.6 Sales Volume and Value in the Past Two Years

Quantity: MT
Amount: NTD thousands

Major Products (or by Department)	Sales	Year	2022				2021			
			Domestic		Export		Domestic		Export	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Portland Type I Cement			358,372	986,402	-	-	469,911	1,062,850	-	-
Clinker			-	-	-	-	-	-	-	-
Others			-	-	-	-	-	-	-	-
Total			358,372	986,402	-	-	469,911	1,062,850	-	-

5.3 Profile of Employees in the Past 2 Years and up to the Publication Date of this Annual Report

Employees Information for the Past two Years and Up to the Publication Date of this Annual Report

1. The Company

Year		2021	2022	Current Year Up to 03/10/2023
Number of Employees	Regular Employees	85	87	86
	Contracted Employees	0	0	0
	Total	85	87	86
Average age		45.89	45.92	46.08
Average Years of Service		10.53	10.61	10.72
Education Distribution Percentage (%)	Ph.D.	0.00	0.00	0.00
	Masters	22.35	21.84	22.09
	Bachelor's Degree	69.41	70.11	69.77
	Senior High School	7.06	6.90	6.98
	Below Senior High School	1.18	1.15	1.16

2. All Companies in the Consolidated Financial Statements

Year		2021	2023	Current Year Up to 03/10/2023
Number of Employees	Regular Employees	395	412	411
	Contracted Employees	37	25	25
	Total	432	437	436
Average age		42.65	42.70	42.34
Average Years of Service		5.83	6.28	6.38
Education Distribution Percentage (%)	Ph.D.	0.00	0.00	0.00
	Masters	6.48	6.64	6.65
	Bachelor's Degree	69.68	69.11	68.12
	Senior High School	17.82	18.53	19.50
	Below Senior High School	6.02	5.72	5.73

5.4 Environmental Protection Expenditures

1. Losses or penalties caused by environmental pollution in the past year and up to the publication date of this Annual Report: None.
2. Specific actions: In view of the Company's concerns regarding environmental protection, subsidiaries of the Group continue to invest and improve on both pollution prevention equipment and energy-saving technologies. Specific actions in the past two years were as follows:

Unit: NTD thousands

Company/Unit	Expenditures 2022	Expenditures 2021	Remarks
Chia Hsin Ryukyu Collective KK	-	4,094	Hotel Collective applied for the LEED (Leadership in Energy and Environmental Design) green building certification. In addition to application fee, it invested on related equipment and improvements. Certification was awarded in June 2021 and Hotel Collective has become the first hotel in Okinawa winning the LEED certification.
Tong Yang Chia Hsin Int'l Corp	115	504	To save energy consumption, Taichung Storage Center will be continuously replacing the transporting equipment, updating 2 carriers with high efficiency motor and purchase 2 new air compressors.
Chia Pei Int'l Corp.	1,063	424	Replaced the lighting fixtures of Taipei Port First Bulk Cargo Center plant areas with LED lights; Replaced the air pressure equipment with high-efficiency model; Improved the water sprinkler equipment to prevent dust pollution.
Chia Hsin Property Management & Development Corp.	-	420	Replaced the A/C cooling tower and changed the size of the water pipe from 6 inches to 8 inches. Changed to inverter motor for purpose energy saving and carbon reduction.
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	542	1,159	To build a high-quality postpartum care center in aim to offer mothers and their newborns as well as the staff a healthier life and working environment. Since 2019, the Center has been working on WELL certification (Note). WELL building certification has specific standard requirements for indoor air quality purification and monitoring, potable water quality and maintenance, soft light source provision, and sound environment construction. The certification application was entrusted to consultant to provide professional advice, and the related improvement projects were gradually carried out to meet the requirements of the regulations. WELL certification was awarded to the Center in Q1 2022. Note: The WELL Building Standard was published by the U.S. International WELL Building Institute (IWBI) in 2014 and the certification is managed by the Green Business Certification Inc. (GBCI)

3. Major environmental protection expenditures in the next three years:

- The construction of InterContinental Okinawa Chura SUN Resort at Toyosaki, Okinawa will adopt InterContinental Hotel Group (IHG) Five-star high specification standards. The Company expects to invest a significant amount in environmental related expenditures relating to energy and water savings in the future years. Overall cost estimates will be determined after the construction design plan is finalized.
- In consideration of the service life and energy saving efficiency, the Company will replace all the elevators of Chia Hsin Buildings. Total estimated expenditures will be 16,500,000 NTD, and installation works will start in Q4 2023.

4. Implementation of the restriction of the use of Hazardous Substances (RoHs) issued by the European Union and the avoidance of influence on investor rights: Not applicable to the Company's scope of business.

5.5 Employee Relations

Current Major Labor - Management Negotiations and Implementation Status

1. Convening Labor-Management Meetings

We hold labor-management council meetings periodically, which serves as:

- (1) A channel to hear employees' voices and to align perspectives from the Company and its employees, thus enhancing both parties' corporation.
- (2) A place to negotiate labor conditions.
- (3) An occasion to arrange and plan employee benefits.
- (4) A way to improve work efficiency.

In each of the meetings, both parties are able to use their best efforts to communicate and reach a consensus for a successful outcome.

2. Convening Employee's Welfare Committee Meetings

We hold regular Committee of Employees' Welfare board meetings, which the missions include:

- (1) To review, promote and supervise matters regarding employee's welfare.
- (2) To plan, keep, and safe guard the employee welfare fund.
- (3) To allocate, audit, and prepare statement of income and expenditure regarding employee welfare operation.
- (4) To monitor employee welfare related matters.

3. Convening Meetings of the Supervisory Committee for Employees' Retirement Preparation Fund

We hold periodic meetings to fulfill the following missions:

- (1) To review the allocation of the retirement preparation fund.
- (2) To examine the amount of retirement preparation fund allocations.
- (3) To examine matters regarding collections and deposits of the retirement preparation fund.
- (4) To examine payment made to or from the retirement preparation fund.
- (5) To supervise other retirement preparation fund related matters.

4. Implementation of Employ Welfare and Retirement Program

In addition to the statutory retirement pension system, labor insurance, and national health insurance, the employee benefits program includes group insurance for employees.

The Company also conducts annual health checks for employees and provides free flu vaccinations. Special health checkups are also provided for employees working at the ports of Chia-Pei International Corporation and Tong Yang Chia Hsin International Corporation. The Welfare Committee provides various benefits such as festival gifts, birthday gifts, elderly gifts, wedding and funeral subsidies, hospital visits, retirement benefits, employee and children's scholarships, employee and spouse childbirth gifts, and childcare subsidies. The company also implements flexible work hours, makes up for missed workdays without clocking in, increases birthday leave, new employee leave, paid family care leave, and sick leave, and provides more days for prenatal check-ups, paternity check-ups and paternity leave, and bereavement leave. Additionally, measures such as remote work days are implemented. Regular employee welfare activities are also held to promote a balance between work and life.

5. Implementation of Employee Training

- (1) In 2022, the Company conducted the following ESG sustainability-related training sessions:
 - Greenhouse gas inventory training
 - Three sessions of education and training on energy and environmental management system
 - Two sessions of fire training, with a duration of 2 hours per session, for all employees of the Company
 - One session of health and psychology promotion training, with 26 people trained
 - One session of gender consciousness empowerment seminar, with 66 people trained
- (2) External training for employee skills development: In response to the business needs of various departments, 170 employees participated in professional skills training provided by external organizations, both physically and online, with a total duration of 1100 hours.
- (3) In order to increase employees' learning flexibility, the Company increased the online learning platform, with a total learning time of 758 hours and an average learning time of 8.61 hours per account.

6. Losses Resulted from Labor Dispute up to the Publication date of this Annual Report: None.

5.6 Information Security Management

1. Information Security Risk Management Framework

The information security unit of the Company is the IT division, which has one supervisor and several professional engineers, who are responsible for formulating the Company's information security policy, planning information security measures, and implementing related information security operations.

The audit division is the audit unit for information security supervision. If defects are found in the audit, IT division will be immediately requested to put forward relevant improvement plans and report to the board of directors. The improvement results will be checked regularly to reduce internal information security risks.

The accountant conducts information operations review annually. If deficiencies are found, improvement measures will be requested and improvement results will be tracked.

Based on the importance of information security, the responsible unit reports the Company's information security governance and implementation status to the board of directors annually. The latest report date was December 14, 2022.

2. Information Security Policy

The Company administers the following measures to prevent risk and strengthen management of information security, ensure the availability, integrity and confidentiality of information, and avoid intentional and accidental threats internally and externally. The goals of cyber security management are:

- (1) Maintain the continuous operation of various information systems
- (2) Prevent hackers, various viruses from invading and destroying
- (3) Prevent improper and illegal use of systems
- (4) Prevent the leakage of sensitive information
- (5) Avoid human error and accident
- (6) Maintain physical environment security

The contents of information security management include the following 6 items:

- | | |
|--|--------------------------------------|
| (1) Computer equipment security management | (4) System Access Control |
| (2) Network Security Management | (5) Operation continuity |
| (3) End Point Protection and Management Prevention | (6) Promoting and Education training |

3. Practical Management Plan

A. Computer equipment security management

- (1) The Company's various application servers and equipment are all set up and located in the dedicated computer room with the access control adopting entrance guard system. Access records are kept for inspection.
- (2) An independent air conditioner is installed inside the computer room so the computer equipment is well maintained and operated under a proper temperature environment. In addition, chemical fire extinguisher is placed to put out fires caused by electrical appliances.
- (3) The computer room is designed with uninterruptible power supply and voltage stabilization equipment connecting to the building's generator power supply system to avoid sudden power failure and to ensure that the operation of the computer application system will not be interrupted during a temporary power failure.

- (4) The service life of computer equipment is 8 years for desktop and 5 years for notebook. The equipment that reaches the service life can be replaced within budget to avoid affecting work due to equipment failures.

B. Network Security Management

- (1) Install enterprise-level firewalls for network control external network access control to prevent hacking.
- (2) Install site to site encrypted VPN connection between Taichung Storage Center, Keelung Storage Transportation Center and Taipei Headquarters' Office to avoid illegal capture during data transmission.
- (3) Employees who needs to work remotely by accessing the ERP system must apply for a VPN account. They can log in and use in a secure way through VPN certification control and account password verification, and records on logging are kept for inspection.
- (4) Install internet behavior management hardware and filtering equipment to control internet access, block access to harmful or disallowed URL and contents as well as to ensure network security and prevent bandwidth resources from being improperly occupied.
- (5) Regularly use external network risk assessment tools to check the company's external network services, and make reinforcements for the weaknesses found.
- (6) Implement social engineering drills annually, and improve employees' awareness of information security by education and training.

C. End Point Protection and Management

- (1) Install endpoint protection software system both in the server and the terminal computers for anti-virus and anti-hacking protection. The virus pattern is automatically updated to ensure that the latest virus can be blocked and at the same time, it can detect and prevent the installation of potentially executable files from threatening systems.
- (2) The email server is equipped with email anti-virus and spam filtering mechanism to prevent viruses or spam entering users' PC.
- (3) The anti-virus system will not only isolate or delete the detected or intercepted virus immediately, but also will proactively issue a risk report on the computer that is exposed at risk so that managers can take corresponding actions.

D. System Access Control

- (1) Employees should use each application system in compliance and through internal authority approval procedure. After approval granted by the responsibility supervisor, IT Division will establish a system account and each system administrator will be authorized in accordance with the authorized access granted.

- (2) Password used to sign on the account should be in appropriate strength and number of characters and must be mixed with alphanumeric characters and special symbols.
- (3) At the time when employees go through the internal procedure for resignation (leave), they must notify IT Division to deactivate or delete all accounts.

E. Operation continuity

- (1) System backup: Build in a cloud backup system and adopt a daily backup mechanism. In addition to uploading one back up copy of the system and database to the international cloud, the computer room and the bank safe box should each keeps a copy to ensure absolute security.
- (2) Disaster recovery drill: Drills for recovery should be conducted once a year. After the base date of restoration date reference is decided, the backup media will be restored to the main system and all users will confirm in writing if the correct data is restored so as to ensure the correctness and effectiveness of the backup media.
- (3) Network Redundancy: Two data lines from the telecommunications company. Through the bandwidth management equipment, the two lines are used in parallel as each other's backup to ensure the network communication will not be interrupted.

F. Promoting and Education training

- (1) The Company should promote on regular basis that employees are requested to change their passwords from time to time to maintain account security.
- (2) The Company should conduct seminars or training courses on regular basis promoting cyber security-related topics.
- (3) Join membership of "Taiwan Computer Network Crisis Handling and Coordination Center TWCERT/CC" which provides channels to cyber security incident consultation and access on cyber security information data as materials for training courses.
- (4) In line with the results of social engineering drills, strengthen education and training for employees with weak information security awareness.

4. Resources invested in the Information security management

In order to implement the six major information security policies, the resources invested are as follows:

- (1) Network hardware devices such as firewall, email antivirus, spam filtering, online behavior analysis, switching hub with network management, etc. Software systems such as endpoint protection systems, backup management software, VPN authentication and encryption software, etc.
- (2) Software systems such as endpoint protection systems, backup management software, VPN authentication and encryption software, etc.
- (3) Telecom services such as multiple lines, cloud backup services, intrusion prevention services, etc.
- (4) Invested in manpower such as: daily system status check and backup, weekly implementation of backup media offsite, information security courses at least twice

a year, annual system disaster recovery drills, annual internal audit of information circulation, accountant audit, etc.

- (5) Information security manning: One supervisor and two information security engineers, responsible for information security architecture design, information security maintenance and monitoring, information security incident response and investigation, information security policy review and revision, the information security director annually report to the board of directors at least once.
- (6) Conduct social engineering drills and network vulnerability scans annually.

5. During 2022 and up to the publication date of this annual report, no major information security incidents occurred.

5.7 Important Contracts

Important Contracts

Nature of Contract	Counterparty	Period	Major Contents	Restrictions
Lease Agreement (Note 1)	Chia Hsin Cement Corporation / Keelung Harbor Bureau	23 years and 9 months starting on 10/07/2000	The Company rented land between the back side of Wharf W33 and the west wave breaker from Keelung Harbor Bureau, and built a cement silo and auxiliary equipment in the name of Keelung Harbor Bureau as advance rental payments. Ownership belongs to Keelung Harbor Bureau in accordance with Article 12 of the Commercial Harbor Law.	
Lease Agreement (Note 1)	Chia Hsin Cement Corporation / Keelung Harbor Bureau	35 years and 5 months starting on 12/10/2009	The Company leased wharfs (E13, E14 and E15) at Taipei Port First Bulk Cargo Center from Keelung Harbor Bureau, and agreed to construct wharf E16 and jointly construct warehouse facilities, offices and storage and transport equipment at the back side of the Center. The facilities and equipment are used for loading & unloading, storage and transport of coal, gravel and bulk and general cargo.	
Storage & Transport Agreement	Chia Hsin Cement Corporation / CHC Resources Corporation	10/25/2010 I 05/10/2045	The Company built warehouse facilities at the back side of wharfs (E14, E15 and E16) at Taipei Port First Bulk Cargo Center and mainly uses the facilities for storage and transport of slag powder and related products of CHC Resources Corporation. The warehouse is managed by CHC Resources Corporation, which is responsible for work safety, environmental protection, site utilization, facility operation and maintenance, and insurance within the contract period.	
Lease Agreement	Tong Yang Chia Hsin International Corporation/ Port of Taichung, Taiwan International Ports Corporation, Ltd.	12/01/2014 I 12/31/2024	Rented Port of Taichung No. 27 Wharf 1 st line land, cement silo and auxiliary facilities	
Lease Agreement	Chia Hsin Property Management & Development Corporation/Nat'l Taiwan University	05/16/2014 I 05/15/2024	Long term rental of Japanese-style house and attached buildings on Hangzhou South Road, Taipei City from Nat'l Taiwan University	
Lease Agreement	Chia Hsin Property Management & Development Corporation / Gipin Health	08/16/2015 I 05/15/2024	Long term rental of Japanese-style house and attached buildings on Hangzhou South Road, Taipei City	

Nature of Contract	Counterparty	Period	Major Contents	Restrictions
Lease Agreement	Chia Hsin Property Management & Development Corporation / Gipin Health	08/16/2015 I 05/15/2024	Long term rental of Japanese-style house and attached buildings on Hangzhou South Road, Taipei City	
Leasing Agreement	Chia Hsin Property Management & Development Corporation / POYA Int'l Co., Ltd.	12/01/2015 I 11/30/2035	Rental of two lots of land at Watsu Section, Gangshan District, Kaohsiung City (No. 2197-4 and No. 2205), total 8,413 ping	
Leasing Agreement	Chia Hsin Property Management & Development Corporation / Family Mart	01/01/2016 I 12/31/2035	Rental of six lots of land (No. 2197) at Watsu Section, Gangshan District, Kaohsiung City, total 15,130.37 ping	
Lease Agreement	Chia Hsin Property Management & Development Corporation / Family Mart	01/01/2017 I 12/31/2035	Increase rental of land No. 2197-3, 965.88 ping at Watsu Section, Gangshan District, Kaohsiung City	
Lease agreement	Chia Hsin Property Management & Development Corporation / Woey Her Enterprise Co., Ltd.	108/03/15 I 128/03/14	Rental of five lots of land (No. 1164) at Chia Hsin Section, Gangshan District, Kaohsiung, total 12,764 ping	
Lease Agreement	Chia Hsin Property Management & Development Corporation / Hon Yuan Moto Corp.	110/01/01 I 122/03/31	Rental of Land and Building, total 905.35 and 384.62 ping respectively, at No. 349, Zhongshan Rd., Sec. 2, Chunghe District, New Taipei City,	
Lease Agreement	Chia Hsin Property Management & Development Corporation / Eagle Cold Storage Enterprise Co., Ltd.	02/01/2023 I 01/31/2043	Rental of land No. 1163 Chia Hsin Section and land No.1001 Wujiawei Section, Gangshan District, Kaohsiung City, total 4,109.17 ping	
Urban renewal cooperation Agreement	Chia Hsin Property Management & Development Corporation / Huang Hsiang Construction Corporation	Signed on 03/24/2022	Urban renewal cooperation of total 3 land, property above ground and superficies on Chengzhong Section 2 nd Section, Zhongzhen District, Taipei	
Engagement of technical service Contract	Chia Hsin Property Management & Development Corporation/ Urbanet Consulting Group	From 04/20/2021 until the approval of land development permit by Kaohsiung City Government	Technical service of Land classification converting on Dagandsan Section, Tianliao District. Kaohsiung City	
Loading/ Unloading, Storage and Transport Agreement	Chia Pei Int'l Corp./ Nan Ya Plastic, Hua Ya Power	08/01/2020 I 07/31/2026	Provide unloading, storage, and truck loading services of coal at Taipei Port First Bulk Cargo Center	
Lease Agreement	Jaho Life Plus+ Management Corp./ Chen Xiuxia, Chen Xiuchuan, Chen Xiulong, Chen Xiumin, Chen Xiufeng, Chen Zhangji, Chen Weiyuan, Chen Weida	01/01/2018 I 12/31/2028	Long term rental of a building at 230 Dunhua North Road, Songshan District, Taipei City	
Construction Design and Supervision Contract	CHC Ryukyu Development GK/ Kengo Kuma & Associates	05/28/2018 I Completion date	Construction planning, design, and supervision of Toyosaki project	
Management Agreement	CHC Ryukyu Development GK/ IHG Japan (Management) LLC	Signed on 08/17/2019	Hotel operation and management of Toyosaki project	
Lease Agreement	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd./ Yangzhou Tianlegang Holiday Concourse	12/01/2018 I 02/28/2034	Long term rental of a building in Yangzhou	
Renovation Construction Contract	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd./Nanjing Jinhong Decoration Engineering Co., Ltd.	02/08/2020 I Completion date	Renovation construction	

Note 1: Pursuant to Article 9 of the Taiwan International Ports Corporation, Ltd. Establishment Act, the contract between the Company and Keelung Harbor Bureau was transferred to Taiwan International Ports Corporation, Ltd. on March 1, 2012.

6 Financial Information

6.1 Five Year Financial Summary

Condensed Balance Sheet and Statements of Comprehensive Income –IFRS

Condensed Consolidated Balance Sheet-IFRS

Unit: NTD thousands

Item \ Year		Financial Summary for the Past Five Years (Note 1)				
		2022	2021	2020	2019	2018
Current Assets		10,395,347	11,156,660	11,726,520	10,657,604	11,150,914
Property, Plant and Equipment		4,848,433	5,282,102	6,195,433	6,535,574	3,467,524
Intangible Assets		6,651	7,580	11,347	5,518	-
Other Assets		21,161,883	23,801,309	22,712,927	21,521,938	17,367,191
Total Assets		36,412,314	40,247,651	40,646,227	38,720,634	31,985,629
Current Liabilities	Before Distribution	3,431,484	2,789,328	3,042,465	3,700,460	3,195,396
	After Distribution	(Note 2)	3,219,826	3,967,015	4,360,993	3,856,136
Non-Current Liabilities		10,981,403	11,548,090	12,586,413	11,343,949	7,870,414
Total Liabilities	Before Distribution	14,412,887	14,337,418	15,628,878	15,044,409	11,065,810
	After Distribution	(Note 2)	14,767,916	16,553,428	15,704,942	11,726,550
Equity Attributable to Owners of the Company		21,285,995	25,025,368	24,182,147	22,813,442	19,019,812
Share Capital		7,747,805	7,747,805	7,747,805	7,747,805	7,747,805
Capital Surplus		1,238,426	1,139,296	960,402	847,377	703,931
Retained Earnings	Before Distribution	10,566,464	11,237,099	11,653,749	10,660,775	9,672,041
	After Distribution	(Note 2)	10,734,424	10,574,189	9,888,994	8,900,260
Other Equity		2,811,250	5,979,118	4,939,214	4,654,268	2,082,579
Treasury Shares		(1,077,950)	(1,077,950)	(1,119,023)	(1,096,783)	(1,186,544)
Non-Controlling Interest		713,432	884,865	835,202	862,783	1,900,007
Total Equity	Before Distribution	21,999,427	25,910,233	25,017,349	23,676,225	20,919,819
	After Distribution	(Note 2)	25,479,735	24,092,799	23,015,692	20,259,079

Note 1: The financial information has been audited by CPAs.

Note 2: Distribution of 2022 earnings is pending for resolution by AGM.

Condensed Consolidated Statements of Comprehensive Income-IFRS

Unit: NTD thousands

Item \ Year	Financial Summary for the Past Five Years (Note 1)				
	2022	2021	2020	2019	2018
Operating Revenue	2,253,659	2,220,254	2,058,417	1,884,002	2,092,406
Gross Profit	132,586	30,799	(143,741)	198,597	288,488
(Loss) Profit from Operations	(395,370)	(525,636)	822,567	(434,786)	(103,601)
Non-Operating Income and Expenses	274,068	1,345,156	1,283,475	1,420,557	531,481
(Loss) Profit Before Income Tax from Continuing Operations	(121,302)	819,520	2,106,042	985,771	427,880
Net (Loss) Profit from Continuing Operations	(173,886)	747,535	1,836,495	818,510	254,597
Net (Loss) Profit from Discontinued Operations	-	-	1,499	590,161	514,526
Net (Loss) Profit for the Year	(173,886)	747,535	1,837,994	1,408,671	769,123
Other Comprehensive (Loss) Income (Net of Tax)	(3,276,723)	1,087,633	300,229	3,141,141	711,350
Total Comprehensive Income (Loss) for the Year	(3,450,609)	1,835,168	2,138,223	4,549,812	1,480,473
Net (Loss) Profit Attributable to Owners of the Company	(180,762)	657,848	1,764,366	1,297,473	699,755
Net Profit Attributable to Non-Controlling Interest	6,876	89,687	73,628	111,198	69,368
Total Comprehensive Income Attributable to Owners of the Company	(3,335,828)	1,702,814	2,051,467	4,326,485	1,384,470
Total Comprehensive Income Attributable to Non-Controlling Interest	(114,781)	132,354	86,756	223,327	96,003
(Loss) Earnings per Share (NTD)	(0.28)	1.02	2.74	2.02	1.09

Note 1: The financial information has been audited by CPAs.

Condensed Parent Company Only Balance Sheet-IFRS

Unit: NTD thousands

Item \ Year	Financial Summary for the Past Five Years (Note 1)				
	2022	2021	2020	2019	2018
Current Assets	4,202,566	4,423,478	3,915,414	3,709,387	3,650,324
Property, Plant and Equipment	622,127	724,113	820,507	959,470	1,099,989
Intangible Assets	1,534	169	-	-	-
Other Assets	24,262,083	27,619,650	28,243,095	25,798,495	20,358,821
Total Assets	29,088,310	32,767,410	32,979,016	30,467,352	25,109,134
Current Liabilities					
Before Distribution	2,338,484	1,915,210	2,379,296	2,110,520	1,600,289
After Distribution	(Note 2)	2,417,885	3,458,856	2,882,301	2,372,070

Year Item		Financial Summary for the Past Five Years (Note 1)				
		2022	2021	2020	2019	2018
Non-Current Liabilities		5,463,831	5,826,832	6,417,573	5,543,390	4,489,033
Total Liabilities	Before Distribution	7,802,315	7,742,042	8,796,869	7,653,910	6,089,322
	After Distribution	(Note 2)	8,244,717	9,876,429	8,425,691	6,861,103
Share Capital		7,747,805	7,747,805	7,747,805	7,747,805	7,747,805
Capital surplus		1,238,426	1,139,296	960,402	847,377	703,931
Retained Earnings	Before Distribution	10,566,464	11,237,099	11,653,749	10,660,775	9,672,041
	After Distribution	(Note 2)	10,734,424	10,574,189	9,888,994	8,900,260
Other equity		2,811,250	5,979,118	4,939,214	4,654,268	2,082,579
Treasury Shares		(1,077,950)	(1,077,950)	(1,119,023)	(1,096,783)	(1,186,544)
Total Equity	Before Distribution	21,285,995	25,025,368	24,182,147	22,813,442	19,019,812
	After Distribution	(Note 2)	24,594,870	23,257,597	22,152,909	18,359,072

Note 1: The financial information has been audited by CPAs.

Note 2: Distribution of 2022 earnings is pending for resolution by AGM.

Condensed Parent Company Only Statements of Comprehensive Income-IFRS

Unit: NTD thousands

Year Item		Financial Summary for the Past Five Years (Note 1)				
		2022	2021	2020	2019	2018
Operating Revenues		1,176,350	1,248,931	1,186,875	1,249,323	1,204,046
Gross Profit		24,600	15,567	(20,676)	29,299	7,448
(Loss) Profit from Operations		(161,863)	(221,860)	(237,300)	(214,529)	(173,787)
Non-Operating Income and Expenses		(24,358)	896,489	2,056,785	1,593,740	944,776
(Loss) Profit Before Income Tax from Continuing Operations		(186,221)	674,629	1,819,485	1,379,211	770,989
Net (Loss) Profit from Continuing Operations		(180,762)	657,848	1,764,366	1,297,473	699,755
Net (Loss) Profit from Discontinued Operations		-	-	-	-	-
Net (Loss) Profit for the Year		(180,762)	657,848	1,764,366	1,297,473	699,755
Other Comprehensive Income (Loss) (Net of Tax)		(3,155,066)	1,044,966	287,101	3,029,012	684,715
Total Comprehensive Income (Loss) for the Year		(3,335,828)	1,702,814	2,051,467	4,326,485	1,384,470
(Loss) Earnings per Share (NTD)		(0.28)	1.02	2.74	2.02	1.09

Note 1: The financial information has been audited by CPAs

Auditors' Opinion for the Past Five Years

Year	Name of the CPA	Audit Opinion
2018	Cheng-Chuan Yu, Keng-Hsi Chang	Unqualified
2019	Cheng-Chuan Yu, Keng-Hsi Chang	Unqualified
2020	Cheng-Chuan Yu, Keng-Hsi Chang	Unqualified
2021	Chiang-Hsun Chen, Keng-Hsi Chang	Unqualified
2022	Chiang-Hsun Chen, Sheng-Tai Liang	Unqualified

6.2 Five Year Financial Analysis

Consolidated Financial Analysis-IFRS

Item \ Year		Financial Analysis (Note 1)				
		2022	2021	2020	2019	2018
Financial Structure (%)	Debt Ratio	39.58	35.62	38.45	38.85	34.60
	Ratio of Long-Term Capital to Property, Plant and Equipment	680.24	709.16	606.96	535.84	830.28
Solvency (%)	Current Ratio	302.94	399.98	385.43	288.01	348.97
	Quick Ratio	294.82	392.65	380.09	284.83	321.92
	Interest Earned Ratio (Times)	28.41	612.51	1,387.47	884.56	593.43
Operating Performance	Accounts Receivable Turnover (Times)	9.35	9.12	8.41	7.05	8.17
	Average Collection Period (Days)	39	40	43	52	45
	Inventory Turnover (Times)	8.80	18.01	18.77	2.8	1.43
	Accounts Payable Turnover (Times)	10.16	11.00	12.59	8.44	9.48
	Average Days in Sales	41	20	19	130	255
	Property, Plant and Equipment Turnover (Times)	0.44	0.39	0.32	0.38	0.66
	Total Assets Turnover (Times)	0.06	0.05	0.05	0.05	0.07
Profitability	Return on Assets (%)	(0.10)	2.16	4.96	4.27	2.78
	Return on Equity (%)	(0.73)	2.94	7.55	6.32	3.83
	Pre-Tax Income to Paid-In Capital (%) (Note 6)	(1.57)	10.58	27.18	12.72	5.52
	Net Profit Margin (%)	(7.72)	33.67	89.29	74.77	36.76
	Earnings per Share (NTD)	(0.28)	1.02	2.74	2.02	1.09

Item \ Year		Financial Analysis (Note 1)				
		2022	2021	2020	2019	2018
Cash Flow	Cash Flow Ratio (%)	0.00	0.00	17.45	0.00	0.00
	Cash Flow Adequacy Ratio (%)	5.55	10.30	15.70	17.68	29.24
	Cash Reinvestment Ratio (%)	0.00	0.00	0.00	0.00	0.00
Leverage	Operating Leverage	(0.98)	(0.67)	0.16	(0.53)	(3.25)
	Financial Leverage	0.70	0.77	1.25	0.78	0.54

Analysis of deviation for the past two years if the difference ratio reaching 20% or above.

1. Decrease of current ration, quick ratio: Mainly due to decrease in dividend income and increase in short-term loan in 2022.
2. Decrease in inventory turnover, increase in average days in sales: Mainly due to decrease in cement sale and increase in ending inventory.
3. Decrease in interest earned ratio, return on assets, return on equity, pre-tax income to paid-in capital, net profit margin and earning per share(NTD): Mainly due to the decrease in dividend income and increase in unrealized loss on financial assets in 2022
4. Decrease in cash flow adequacy ratio: Mainly due to increase in cement inventory in 2022.
5. Changed in operation leverage: mainly due to increase of gross margin in 2022 and the recognition of share-based payment of treasury stock transferred to employees.

Note 1: The financial data has been reviewed by CPAs.

Note 2: The calculation formulas of the analysis are as follows,

1. Financial Structure

- (1) Debt ratio=total liabilities/total assets
- (2) Ratio of long-term capital 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-inventories-prepaid expenses)/current liabilities
- (3) Interest earned ratio=profit before income tax & interest/interest expenditure

3. Operating performance

- (1) Accounts receivable turnover=net sales/average trade receivables (including A/R and N/R from business operating)
- (2) Average collection period=365/ (accounts receivable turnover)
- (3) Inventory turnover=cost of sales/average inventory
- (4) Accounts payable turnover=cost of sales/average trade payables (including A/P and N/P from business operating)
- (5) Average days in sales=365/inventory turnover
- (6) Property, plant and equipment turnover=operating revenue/average net property, plant and equipment
- (7) Total assets turnover=operating revenue/average total assets

4. Profitability

- (1) Return on assets= [net profit for the year+interest expense*(1-tax rate)]/average total assets
- (2) Return on equity=net profit for the year/average total equity
- (3) Net profit margin=net profit for the year/operating revenue
- (4) Earnings per share= (net profit attributable to owners of the Company-preferred stock dividend)/ weighted average outstanding shares (Note 3)

5. Cash flows

- (1) Cash flow ratio=net cash flow provided by operating activities/current liabilities
- (2) Cash flow adequacy ratio=net cash flow provided by operating activities for the latest 5 years/ (capital expenditure+inventory increase+cash dividend) for the latest 5 years
- (3) Cash reinvestment ratio= (net cash flow provided by operating activities-cash dividend) / (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 operation-interest expenses)

Note 3: Giving special attention to the following matters during measurement when applying the above formula for calculation of earnings per share:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 4: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 5: Operating costs and operating expenses shall be separated by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 6: In the case of a company whose shares have no par value or have a par value other than NTD10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

Parent Company Only Financial Analysis-IFRS

Item		Financial Analysis (Note 1)				
		2022	2021	2020	2019	2018
Financial Structure (%)	Debt Ratio	26.82	23.63	26.67	25.12	24.25
	Ratio of Long-Term Capital to Property, Plant and Equipment	4,299.74	4,260.69	3,729.37	2,955.47	2,137.19
Solvency (%)	Current Ratio	179.71	230.97	164.56	175.76	228.10
	Quick Ratio	173.02	226.14	162.21	173.82	227.10
	Interest Earned Ratio (Times)	(81.73)	855.66	2,048.97	1,519.99	1,145.49
Operating Performance	Accounts Receivable Turnover (Times)	6.68	6.85	6.06	5.26	5.18
	Average Collection Period (Days)	55	53	60	69	70
	Inventory Turnover (times)	9.81	21.49	22.47	41.60	45.49
	Accounts Payable Turnover (Times)	6.06	6.91	7.60	6.47	7.34
	Average Days in Sales	37	17	16	9	8
	Property, Plant and Equipment Turnover (Times)	1.75	1.62	1.33	1.21	1.03
	Total Assets Turnover (Times)	0.04	0.04	0.04	0.04	0.05
Profitability	Return on Assets (%)	(0.32)	2.22	5.80	4.95	3.15
	Return on Equity (%)	(0.78)	2.67	7.51	6.20	3.83
	Pre-Tax Income to Paid-In Capital (%) (Note 6)	(2.40)	8.71	23.48	17.80	9.95
	Net Profit Margin (%)	(15.37)	52.67	148.66	103.85	58.12
	Earnings per Share (NTD)	(0.28)	1.02	2.74	2.02	1.09
Cash Flow	Cash Flow Ratio (%)	0.00	0.00	2.21	0.00	0.00
	Cash Flow Adequacy Ratio (%)	0.75	3.71	8.06	27.22	32.12
	Cash Reinvestment Ratio (%)	0.00	0.00	0.00	0.00	0.00
Leverage	Operation Leverage	(0.58)	(0.40)	(0.38)	(0.53)	(0.59)
	Financial Leverage	0.61	0.71	0.72	0.69	0.70

Analysis of deviation for the past two years if the difference ratio reaching 20% or above.

1. Decrease of current ratio, quick ratio: Mainly due to decrease in dividend income and increase in short-term loan in 2022.
2. Decrease in inventory turnover, increase in average days in sales: Mainly due to decrease in cement sale and increase in ending inventory.
3. Decrease in interest earned ratio, return on assets, return on equity, pre-tax income to paid-in capital, net profit margin and earning per share(NTD): Mainly due to the decrease in dividend income and increase in unrealized loss on financial assets in 2022

4. Decrease in cash flow adequacy ratio: Mainly due to increase in cement inventory in 2022.
5. Changed in operation leverage: mainly due to increase of gross margin in 2022 and the recognition of share-based payment of treasury stock transferred to employees.

Note 1: The financial data has been reviewed by CPAs.

Note 2: The calculation formulas of the analysis are as follows,

1. Financial Structure

- (1) Debt ratio=total liabilities/total assets
- (2) Ratio of long-term capital 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-inventories-prepaid expenses)/current liabilities
- (3) Interest earned ratio=profit before income tax & interest/interest expenditure

3. Operating performance

- (1) Accounts receivable turnover=net sales/average trade receivables (including A/R and N/R from business operating)
- (2) Average collection period=365/ (accounts receivable turnover)
- (3) Inventory turnover=cost of sales/average inventory
- (4) Accounts payable turnover=cost of sales/average trade payables (including A/P and N/P from business operating)
- (5) Average days in sales=365/inventory turnover
- (6) Property, plant and equipment turnover=operating revenue/average net property, plant and equipment
- (7) Total assets turnover=operating revenue/average total assets

4. Profitability

- (1) Return on assets= [net profit for the year+interest expense*(1-tax rate)]/average total assets
- (2) Return on equity=net profit for the year/average total equity
- (3) Net profit margin=net profit for the year/operating revenue
- (4) Earnings per share= (net profit attributable to owners of the Company-preferred stock dividend)/weighted average outstanding shares (Note 3)

5. Cash flows

- (1) Cash flow ratio=net cash flow provided by operating activities/current liabilities
- (2) Cash flow adequacy ratio=net cash flow provided by operating activities for the latest 5 years/ (capital expenditure+inventory increase+cash dividend) for the latest 5 years
- (3) Cash reinvestment ratio= (net cash flow provided by operating activities-cash dividend) / (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 operation-interest expenses)

Note 3: Giving special attention to the following matters during measurement when applying the above formula for calculation of earnings per share:

1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.

Note 4: Give special attention to the following matters when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 5: Operating costs and operating expenses shall be separated by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

Note 6: In the case of a company whose shares have no par value or have a par value other than NTD10, for the calculation of the above-mentioned paid-in capital ratio, the ratio of equity attributable to owners of the parent as stated in the balance sheet shall be substituted.

6.3 Audit Committee's Review Report

Chia Hsin Cement Corporation

Audit Committee's Review Report

The Board of Directors of Chia Hsin Cement Corporation (CHC) has submitted the Company's 2022 business report and financial statements to the Audit Committee. The CPA firm, Deloitte & Touche, was retained by the Board to audit CHC's financial statements and has issued an audit report relating to the financial statements. The business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of CHC. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Independent Directors:

Pao-Chu Lin



Robert K. Su



Kevin Kuo-I Chen



March 9, 2023

6.4 Consolidated Financial Statements

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates of Chia Hsin Cement Corporation as of and for the year ended December 31, 2022, 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 of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No. 10, “Consolidated Financial Statements” In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, Chia Hsin Cement Corporation and subsidiaries did not prepare a separate set of consolidated financial statements of affiliated enterprises.

Very truly yours,

CHIA HSIN CEMENT CORPORATION

JASON K. L. CHANG
Chairman

March 9, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chia Hsin Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Chia Hsin Cement Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 a summary of significant accounting policies (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 Group as of December 31, 2022 and 2021, and its consolidated financial performance and its 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 Auditing and Attestation of Financial Statements by 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 Group 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, 2022. 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.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Impairment of Property, Plant and Equipment

As of December 31, 2022, the net carrying amount of property, plant and equipment of the hotel operated by the Group located in Ryukyu, Japan was NT\$3,832,598 thousand, representing 11% of total consolidated assets, which was material to the consolidated financial statements. Due to the impact of COVID-19 on the overall economic trend of the industry, the actual operating performance of the hotel was lower than expected, which in turn affected the management's assessment of the impairment of property, plant, and equipment. Since the information used in the assessment was subject to management's judgment and involved high uncertainty, we identified the impairment of property, plant and equipment as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

We obtained from the management an impairment assessment report issued by an external expert, and we performed the following key audit procedures in connection with the above major transactions:

1. We obtained an understanding of the management's basis of assumptions and sources of relevant data and description used to estimate the value in use of the assets. We also assessed the reasonableness of management's adoption of such assumptions and data.
2. We assessed the appropriateness of the discount rates used by external specialists in their valuation reports.
3. We recalculated the value in use of the assets and verified that the calculation in the valuation report was accurate.

Other Matter

We have also audited the parent company only financial statements of Chia Hsin Cement Corporation as of and for the years ended December 31, 2022 and 2021 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 Group'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 Group 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 Group's 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 Group'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 Group'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 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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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, 2022 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 Chiang Hsun Chen and Sheng Tai Liang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

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.

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,463,396	12	\$ 3,685,347	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,317,483	4	1,387,308	4
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,347,407	7	2,982,413	8
Financial assets at amortized cost - current (Notes 4 and 9)	1,689,701	5	2,638,297	7
Notes receivable from unrelated parties (Notes 4, 10 and 26)	141,706	-	137,437	-
Trade receivables from unrelated parties (Notes 4, 10 and 26)	108,919	-	78,308	-
Trade receivables from related parties (Notes 4, 26 and 35)	4,876	-	10,864	-
Finance lease receivables - current (Notes 4 and 12)	2,916	-	2,852	-
Other receivables from unrelated parties (Notes 4 and 11)	37,579	-	28,546	-
Other receivables from related parties (Notes 4 and 35)	68	-	317	-
Current tax assets (Notes 4 and 28)	1,021	-	467	-
Inventories (Notes 4 and 13)	163,658	1	55,320	-
Prepayments (Note 20)	114,900	-	149,047	-
Refundable deposits - current (Note 4)	15	-	20	-
Other current assets (Note 20)	1,702	-	117	-
Total current assets	10,395,347	29	11,156,660	28
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	9,533,730	26	12,152,445	30
Financial assets at amortized cost - non-current (Notes 4, 9 and 36)	27,428	-	25,856	-
Investments accounted for using the equity method (Notes 4 and 15)	3,540,258	10	3,445,290	9
Property, plant and equipment (Notes 4, 5, 16 and 36)	4,848,433	13	5,282,102	13
Right-of-use assets (Notes 4 and 17)	1,545,094	4	1,652,742	4
Investment properties (Notes 4, 18 and 36)	6,194,334	17	6,130,417	15
Intangible assets (Notes 4 and 19)	6,651	-	7,580	-
Deferred tax assets (Notes 4 and 28)	268,635	1	333,077	1
Refundable deposits - non-current (Note 4)	29,394	-	31,539	-
Finance lease receivables - non-current (Notes 4 and 12)	1,111	-	4,027	-
Net defined benefit assets - non-current (Notes 4 and 24)	18,579	-	4,834	-
Other non-current assets (Notes 10 and 20)	3,320	-	21,082	-
Total non-current assets	26,016,967	71	29,090,991	72
TOTAL	\$ 36,412,314	100	\$ 40,247,651	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 36)	\$ 1,673,664	5	\$ 914,000	2
Short-term bills payable (Note 21)	127,614	-	134,842	1
Contract liabilities (Notes 4 and 26)	27,860	-	23,704	-
Notes payable to unrelated parties (Note 22)	1,907	-	3,351	-
Trade payables to unrelated parties (Note 22)	86,994	-	118,141	-
Trade payables to related parties (Note 35)	83,229	-	124,010	-
Other payables to unrelated parties (Notes 23 and 32)	206,644	1	227,742	1
Other payables to related parties (Note 35)	-	-	72	-
Current tax liabilities (Notes 4 and 28)	108,242	-	121,492	-
Lease liabilities - current (Notes 4 and 17)	139,172	1	132,442	-
Advance receipts (Note 23)	6,536	-	8,820	-
Current portion of long-term borrowings (Notes 21 and 36)	933,090	3	947,847	3
Guarantee deposits - current (Note 35)	29,759	-	29,995	-
Other current liabilities (Note 23)	6,773	-	2,870	-
Total current liabilities	3,431,484	10	2,789,328	7
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 21 and 36)	7,439,628	21	7,908,939	20
Deferred tax liabilities (Notes 4 and 28)	1,594,249	4	1,583,897	4
Lease liabilities - non-current (Notes 4 and 17)	1,514,484	4	1,599,272	4
Deferred revenue - non-current (Notes 23 and 31)	342,402	1	367,431	1
Guarantee deposits - non-current (Note 35)	90,640	-	88,551	-
Total non-current liabilities	10,981,403	30	11,548,090	29
Total liabilities	14,412,887	40	14,337,418	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Share capital				
Ordinary shares	7,747,805	21	7,747,805	19
Capital surplus	1,238,426	3	1,139,296	3
Retained earnings				
Legal reserve	2,571,235	7	2,503,173	6
Special reserve	2,257,996	6	2,257,996	6
Unappropriated earnings	5,737,233	16	6,475,930	16
Total retained earnings	10,566,464	29	11,237,099	28
Other equity	2,811,250	8	5,979,118	15
Treasury shares	(1,077,950)	(3)	(1,077,950)	(3)
Total equity attributable to owners of the Company	21,285,995	58	25,025,368	62
NON-CONTROLLING INTERESTS (Note 25)	713,432	2	884,865	2
Total equity	21,999,427	60	25,910,233	64
TOTAL	\$ 36,412,314	100	\$ 40,247,651	100

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 35)	\$ 2,253,659	100	\$ 2,220,254	100
OPERATING COSTS (Notes 13, 27 and 35)	<u>(2,121,073)</u>	<u>(94)</u>	<u>(2,189,455)</u>	<u>(99)</u>
GROSS PROFIT	<u>132,586</u>	<u>6</u>	<u>30,799</u>	<u>1</u>
OPERATING EXPENSES (Notes 10, 11, 27 and 35)				
Selling and marketing expenses	(42,016)	(2)	(32,965)	(1)
General and administrative expenses	(485,687)	(22)	(523,691)	(24)
Expected credit gain (loss)	<u>(253)</u>	<u>-</u>	<u>221</u>	<u>-</u>
Total operating expenses	<u>(527,956)</u>	<u>(24)</u>	<u>(556,435)</u>	<u>(25)</u>
LOSS FROM OPERATIONS	<u>(395,370)</u>	<u>(18)</u>	<u>(525,636)</u>	<u>(24)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 15, 27 and 35)				
Interest income	76,114	3	52,932	2
Other income	445,728	20	1,262,036	57
Other gains and losses	(218,231)	(10)	311,367	14
Finance costs	(169,438)	(7)	(159,902)	(7)
Share of profit or loss of associates and joint ventures	<u>139,895</u>	<u>6</u>	<u>(121,277)</u>	<u>(5)</u>
Total non-operating income and expenses	<u>274,068</u>	<u>12</u>	<u>1,345,156</u>	<u>61</u>
(LOSS) PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(121,302)	(6)	819,520	37
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(52,584)</u>	<u>(2)</u>	<u>(71,985)</u>	<u>(3)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(173,886)</u>	<u>(8)</u>	<u>747,535</u>	<u>34</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 24, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	13,484	1	5,776	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(3,355,102)	(149)	1,441,456	65

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Share of the other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	\$ (93,915)	(4)	\$ 52,959	3
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(2,696)</u>	<u>-</u>	<u>(1,155)</u>	<u>-</u>
	<u>(3,438,229)</u>	<u>(152)</u>	<u>1,499,036</u>	<u>68</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	199,110	9	(554,584)	(25)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	6,412	-	(4,289)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(44,016)</u>	<u>(2)</u>	<u>147,470</u>	<u>6</u>
	<u>161,506</u>	<u>7</u>	<u>(411,403)</u>	<u>(19)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(3,276,723)</u>	<u>(145)</u>	<u>1,087,633</u>	<u>49</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (3,450,609)</u>	<u>(153)</u>	<u>\$ 1,835,168</u>	<u>83</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (180,762)	(8)	\$ 657,848	30
Non-controlling interests	<u>6,876</u>	<u>-</u>	<u>89,687</u>	<u>4</u>
	<u>\$ (173,886)</u>	<u>(8)</u>	<u>\$ 747,535</u>	<u>34</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (3,335,828)	(148)	\$ 1,702,814	77
Non-controlling interests	<u>(114,781)</u>	<u>(5)</u>	<u>132,354</u>	<u>6</u>
	<u>\$ (3,450,609)</u>	<u>(153)</u>	<u>\$ 1,835,168</u>	<u>83</u>
(LOSS) EARNINGS PER SHARE (Note 29)				
From continuing operations				
Basic	<u>\$ (0.28)</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ (0.28)</u>		<u>\$ 1.02</u>	

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

(Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

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

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (121,302)	\$ 819,520
Adjustments for:		
Depreciation expenses	494,834	524,834
Amortization expenses	2,605	2,629
Expected credit loss (gain)	253	(221)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	264,762	(102,103)
Finance costs	169,438	159,902
Interest income	(76,114)	(52,932)
Dividend income	(352,303)	(1,128,413)
Compensation costs arising from share-based payment	-	20,587
Share of (profit) loss of associates and joint ventures	(139,895)	121,277
Loss on disposal of property, plant and equipment	19,623	143
Investment property transferred to expenses	-	1,492
Gain on disposal of associates and joint ventures accounted for using the equity method	-	(3,245)
Gain on disposal of right-of-use assets	-	(140)
(Gain) loss on lease modification	(5,469)	95
Gain on disposal of subsidiaries	-	(291,167)
Impairment loss recognized on non-financial assets	38,780	404
Realized gain on deferred revenue	(12,387)	(13,884)
Net (gain) loss on foreign currency exchange	(71,069)	105,410
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	(153,417)	(194,128)
Notes receivable from unrelated parties	(4,296)	10,070
Trade receivables from unrelated parties	(30,865)	28,116
Trade receivables from related parties	5,988	(6,823)
Other receivables from unrelated parties	6,349	3,018
Inventories	(112,168)	5,315
Prepayments	(7,140)	(49,828)
Other current assets	(1,548)	(124)
Contract liabilities	4,186	10,778
Notes payable to unrelated parties	(1,444)	340
Trade payables to unrelated parties	(31,064)	42,083
Trade payables to related parties	(40,781)	50,878
Other payables to unrelated parties	(54,795)	(47,597)
Other payables to related parties	(72)	-
Advanced receipts	(2,394)	(2,960)
Other current liabilities	3,854	(4,412)
Net defined benefit liability	(261)	(65)
Cash (used in) generated from operations	(208,112)	8,849

(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	\$ (144,019)	\$ (129,874)
Income tax paid	<u>(39,706)</u>	<u>(73,691)</u>
Net cash used in operating activities	<u>(391,837)</u>	<u>(194,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(91,485)	(90,000)
Purchase of financial assets at amortized cost	(2,659)	(74,951)
Proceeds from sale of financial assets at amortized cost	1,012,087	1,467,434
Purchase of associates accounted for using the equity method	(48,698)	(50,000)
Cash return of capital due to liquidation of associates and joint ventures accounted for using the equity method	-	66,327
Payments for property, plant and equipment	(39,616)	(105,482)
Payments for and proceeds from disposal of property, plant and equipment	(14,696)	178
Decrease in refundable deposits paid	2,284	2,747
Decrease in other receivables from related parties	249	19,118
Payments for intangible assets	(1,968)	(184)
Payments for investment properties	(82,477)	(71,967)
Decrease in finance lease receivables	2,852	2,047
Decrease in other non-current assets	2,724	1,708
Increase in prepayments for equipment	(1,196)	(4,149)
Interest received	60,808	53,296
Dividends received	<u>390,054</u>	<u>1,144,142</u>
Net cash generated from investing activities	<u>1,188,263</u>	<u>2,360,264</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	757,900	(650,000)
Repayments of short-term bills payable	(7,000)	(2,000)
Proceeds from long-term loans	1,683,707	1,679,000
Repayments of long-term loans	(2,067,665)	(1,619,271)
Proceeds of guarantee deposits received	1,830	4,749
Repayments of the principal portion of lease liabilities	(109,949)	(117,847)
Dividend paid to owners of the Company	(430,498)	(924,550)
Proceeds from reissuance of treasury shares	-	40,977
Dividends paid to non-controlling interests	(55,600)	(83,132)
Return of unclaimed dividends extinguished by prescription	<u>824</u>	<u>373</u>
Net cash used in financing activities	<u>(226,451)</u>	<u>(1,671,701)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>208,074</u>	<u>(184,481)</u>
		(Continued)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 778,049	\$ 309,366
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,685,347</u>	<u>3,375,981</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,463,396</u>	<u>\$ 3,685,347</u>

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

(Concluded)

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Chia Hsin Cement Corporation (the “Company”; the Company and the entities controlled by the Company are referred to as the “Group”) was incorporated in the Republic of China (ROC) with capital of \$24,000 thousand in December 1954. Over the years, the Company has increased its capital through capital contributions in cash, undistributed earnings, and asset revaluation increments. As of December 31, 2022, the Company has authorized capital of \$15,000,000 thousand and paid-in capital of \$7,747,805 thousand. The Group’s business activities include cement manufacturing, wholesale of building materials, retail sale of building materials, non-metallic mining, mixed-concrete products manufacturing, international trade, construction and development of residences and buildings, lease, construction and development of industrial factory buildings, real estate commerce, real estate rental and leasing, reconstruction within the renewal area and warehousing and storage, healthcare, fitness and training, manufacture of beverages and bakery products, hotel management and energy technology services.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1969.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 9, 2023.

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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs issued but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
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

Note 1: Unless stated otherwise, the above new IFRSs 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.

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 IFRSs 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 which are measured at fair value and net defined benefit liabilities (assets) 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 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 non-current 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 Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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 Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group 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 Company.

See Note 14, Table 5 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entities, 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 period in which they arise.

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 period 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.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates and joint ventures in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is included in the calculation of equity transactions, but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods, and land for construction.

Cement inventories 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.

Costs of building construction are recorded separately for each construction project. Payments made for land prior to the acquisition of land use rights are recognized as “prepayment for land purchase”; as “land for construction” after the acquisition of the land use rights; as “construction in progress” when the construction on the land started; and as “land and building held for sale” upon the completion of construction. Prepayments collected from preselling of land and building are recognized as “advance receipts”.

g. Investments in associates

An associate is an entity over which the Group has significant influence and is neither a subsidiary.

The Group 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 Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates.

Any excess of the cost of acquisition over the Group’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 Group’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 Group 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 Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the capital surplus from investments in associates accounted for using the equity method. If the Group’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 and joint venture 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.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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 not allocated to any asset, including goodwill, that forms part of 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.

The Group 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 disposal of the associate. The Group 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.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 measured at cost less any recognized impairment loss. 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, 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 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 and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

Investment properties under construction are measured at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

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.

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 and accumulated impairment loss. 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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. Impairment of property, plant and equipment, right-of-use asset, investment properties, and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 34.

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, trade receivables, trade receivables from related parties, other receivables (less tax refund receivables), other receivables from related parties, time deposits with original maturities over 3 months, and refundable deposits 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 assets, 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.

Cash equivalents include 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 Group 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 Group'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

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), other receivables, and finance lease receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and finance lease receivables. For all other financial instruments, the Group 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 Group 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 Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 365 days past due unless the Group 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 directly or by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group 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 in its entirety, 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) 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.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of cement; sales of cement are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The advance receipts before the delivery of goods are recognized as contract liabilities and reclassified to revenue after the goods are transferred to customers.

2) Revenue from the rendering of services

The revenue from rendering of services is recognized over time with reference to the progress of the fulfillment of contracts or recognized on the date the service is provided.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group 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.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases. For a lease modification that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group accounts for the lease modification as a new lease and measures the carrying amount of the underlying asset as the finance lease receivables immediately before the effective date of the lease modification. Other lease modifications are accounted for by adjusting the finance lease receivables in accordance with IFRS 9.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

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

When a lease includes both land and building elements, the Group 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 Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term lease 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 comprise the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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, 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 Group 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. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as other operating income and expenses, and makes a corresponding adjustment to the lease liability.

o. 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

q. 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. Service cost (including 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. 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 (assets) represent the actual deficit (surplus) in the Group's 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.

r. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to employees

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

s. 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 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 and unused loss carryforwards 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 and interests in joint ventures, except where the Group 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 Group 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 for the year

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.

4) The linked-tax system

The Company files joint income tax returns with Chia Hsin Property Management & Development Corporation. The differences between the tax expense and deferred tax liabilities and assets of the Company as a separate entity and of the Company and its qualified subsidiaries as a joint entity are adjusted on the Company; the related amounts are recognized as current tax assets or current tax liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities 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.

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of property, plant and equipment, investment property, and right-of-use asset

Impairment of equipment property, plant and equipment, investment property, and right-of-use asset is including evaluated based on the recoverable amount of assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses. Furthermore, the estimates of the cash flow projections, growth rate and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on the impact arising from potential disruptions of Group's operations and volatility in financial markets due to the evolution of military conflict between Russia and Ukraine and COVID-19 pandemic.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 3,869	\$ 4,169
Checking accounts and demand deposits	1,228,193	1,528,380
Cash equivalents		
Commercial paper	170,730	118,867
Time deposits with original maturities of 3 months or less	3,060,604	2,006,243
Repurchase agreements collateralized by bonds	-	27,688
	<u>\$ 4,463,396</u>	<u>\$ 3,685,347</u>

The market rate intervals of commercial papers, cash in the bank and repurchase agreements collateralized by bonds at the end of the year were as follows:

	December 31	
	2022	2021
Commercial papers	0.82%-0.95%	0.23%-0.25%
Cash in the bank	0.001%-4.60%	0.001%-2.55%
Repurchase agreements collateralized by bonds	-	0.33%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets mandatorily classified as at fair value through profit or loss (FVTPL) - current		
Non-derivative financial assets		
Domestic listed shares	\$ 789,557	\$ 1,023,941
Overseas listed shares	39,077	50,340
Overseas mutual funds - beneficiary certificates	<u>488,849</u>	<u>313,027</u>
	<u>\$ 1,317,483</u>	<u>\$ 1,387,308</u>

As of December 31, 2022, the Group held 356,542,623 shares of Taiwan Cement Corporation accounted for as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at carrying amount of \$789,554 thousand and \$11,208,106 thousand, respectively. Information for other price risk and sensitivity analysis is provided in Note 34.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 2,347,407	\$ 2,982,413
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 9,066,633	\$ 11,758,119
Unlisted shares	467,097	394,326
	<u>\$ 9,533,730</u>	<u>\$ 12,152,445</u>

These investments in equity instruments are held for medium- to long-term strategic purposes, and expected to render long-term paybacks. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group purchased ordinary shares of Gping Wellness Co., Ltd. and preference shares B of Smart Ageing Tech Co., Ltd. with the amount of \$91,485 thousand in January 2022 and \$90,000 thousand in July 2021, respectively. The investment is held for medium- to long-term strategic purposes. Accordingly, the management designated these investments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 1,689,701	\$ 2,638,297
<u>Non-current</u>		
Restricted deposits	\$ 27,428	\$ 25,856
<u>Interest rate range</u>		
Time deposits with original maturities of more than 3 months	0.05%-5.00%	0.12%-2.30%
Restricted deposits	0.42%-1.44%	0.09%-0.815%

- a. The Group has tasked its credit management committee to develop a credit risk grading framework to determine whether the credit risk of the financial assets at amortized cost increases significantly since the initial recognition to the reporting date as well as to measure the expected credit losses. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors. In the consideration of an analysis of the debtor's current financial position and the forecasted direction of economic conditions in the industry, the Group forecasts both 12-month expected credit losses or lifetime expected credit losses of financial assets at amortized cost. As of December 31, 2022 and 2021, the Group assessed the expected credit loss rate as 0%.
- b. Refer to Note 36 for the carrying amounts of financial assets pledged by the Group to secure obligations.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OVERDUE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 143,133	\$ 138,812
Less: Allowance for impairment loss	<u>(1,427)</u>	<u>(1,375)</u>
	<u>\$ 141,706</u>	<u>\$ 137,437</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 109,430	\$ 78,619
Less: Allowance for impairment loss	<u>(511)</u>	<u>(311)</u>
	<u>\$ 108,919</u>	<u>\$ 78,308</u>
<u>Overdue receivables (Note)</u>		
At amortized cost		
Gross carrying amount	\$ 13,155	\$ 12,952
Less: Allowance for impairment loss	<u>(13,155)</u>	<u>(12,952)</u>
	<u>\$ -</u>	<u>\$ -</u>

Note: The overdue receivables are classified to other assets. Please refer to Note 20.

Notes Receivable

The average number of days of cashing the notes is 30 to 90 days. In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Group reviews the recoverable amount of each individual notes receivable at the end of the year to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, an analysis of the debtor's current financial position, and economic conditions.

Trade Receivables

The average credit period of the sales of goods was 60 to 180 days, and no interest was charged on overdue trade receivables. In determining the recoverability of the trade receivables, the Group considered any change in the credit quality of the trade receivables since the date credit was initially granted to the end of the reporting period. From historical experience, most of the receivables were recovered.

Before accepting new customers, the Group assesses that the credit quality of the potential customer complied with the administration regulations of customer credit, and set up the credits limit for each customer. The credit rating of customers would then be assessed by the supervisors and given an ultimate credit limit.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the debtors, the debtors' current financial position, economic conditions of the industry in which the debtors operate, as well as an assessment of both the current and the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over one year past due. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. When recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables (including receivables from related parties) based on the Group's provision matrix:

December 31, 2022

	Not Overdue	Overdue within 90 Days	Overdue 91-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0.75%	1.00%	-	100%	
Gross carrying amount	\$ 256,640	\$ 799	\$ -	\$ 13,155	\$ 270,594
Loss allowance (Lifetime ECLs)	<u>(1,930)</u>	<u>(8)</u>	<u>-</u>	<u>(13,155)</u>	<u>(15,093)</u>
Amortized cost	<u>\$ 254,710</u>	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,501</u>

December 31, 2021

	Not Overdue	Overdue within 90 Days	Overdue 91-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0.74%	0.94%	-	100%	
Gross carrying amount	\$ 227,547	\$ 748	\$ -	\$ 12,952	\$ 241,247
Loss allowance (Lifetime ECLs)	<u>(1,679)</u>	<u>(7)</u>	<u>-</u>	<u>(12,952)</u>	<u>(14,638)</u>
Amortized cost	<u>\$ 225,868</u>	<u>\$ 741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,609</u>

The movements of the loss allowance of receivable (including receivables from related parties) were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 14,638	\$ 15,076
Add: Net remeasurement of loss allowance	253	10
Less: Net remeasurement of loss allowance reversed	-	(231)
Less: Amounts written off	-	(134)
Foreign exchange gains and losses	202	(83)
	<u>202</u>	<u>(83)</u>
Balance at December 31	<u>\$ 15,093</u>	<u>\$ 14,638</u>

11. OTHER RECEIVABLES

	December 31	
	2022	2021
Interest receivable	\$ 22,422	\$ 14,569
VAT refund receivable	2,799	-
Government grant receivables (Note 31)	-	1,950
Others	14,269	13,908
Less: Allowance of impairment loss	<u>(1,911)</u>	<u>(1,881)</u>
	<u>\$ 37,579</u>	<u>\$ 28,546</u>

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 1,881	\$ 1,891
Foreign exchange gains and losses	<u>30</u>	<u>(10)</u>
Balance at December 31	<u>\$ 1,911</u>	<u>\$ 1,881</u>

The following table details the loss allowance of other receivables based on the Group's provision matrix.

December 31, 2022

	Not Overdue	Overdue within 90 Days	Overdue 91-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0%	-	0%	100%	
Gross carrying amount	\$ 36,080	\$ -	\$ 1,499	\$ 1,911	\$ 39,490
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,911)</u>	<u>(1,911)</u>
Amortized cost	<u>\$ 36,080</u>	<u>\$ -</u>	<u>\$ 1,499</u>	<u>\$ -</u>	<u>\$ 37,579</u>

December 31, 2021

	Not Overdue	Overdue within 90 Days	Overdue 91-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0%	-	-	100%	
Gross carrying amount	\$ 28,546	\$ -	\$ -	\$ 1,881	\$ 30,427
Loss allowance (Lifetime ECLs)	-	-	-	(1,881)	(1,881)
Amortized cost	<u>\$ 28,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,546</u>

Other receivables were mainly interest receivable and VAT fund receivable. The Group only transacts with counterparties who have good credit ratings. The Group continues to monitor the conditions of the receivables and refers to the past default experience of the debtor and the analysis of the debtor's current financial position in determining whether the credit risk of the other receivables increased significantly since the initial recognition as well as in measuring the expected credit losses.

12. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	2022	2021
<u>Undiscounted lease payments</u>		
Year 1	\$ 2,972	\$ 2,972
Year 2	1,114	2,972
Year 3	-	1,114
	<u>4,086</u>	<u>7,058</u>
Less: Unearned finance income	<u>(59)</u>	<u>(179)</u>
Lease payments receivable	<u>4,027</u>	<u>6,879</u>
Net investment in leases presented as finance lease receivables	<u>\$ 4,027</u>	<u>\$ 6,879</u>

Due to the severe impact of Covid-19 pandemic on economy in 2021, the Group consented to unconditionally reduce the rent by 55%, 100% and 95% during the period from May 1, 2021 to May 31, 2021, the period from June 1, 2021 to June 30, 2021 and the period from July 1, 2021 to July 31, 2021, respectively. Because there was no relevant rent adjustment mechanism in the original lease contract, the aforementioned rent deduction adjustment led to a decrease in finance lease receivables, and the Group recognized \$95 thousand of loss on lease modification under other gains and losses in 2021.

	<u>December 31</u>	
	2022	2021
<u>Lease payments receivable</u>		
Not more than 1 year	\$ 2,916	\$ 2,852
More than 1 year but not more than 5 years	<u>1,111</u>	<u>4,027</u>
	<u>\$ 4,027</u>	<u>\$ 6,879</u>

The Group has been subleasing its building to Gping Wellness Co., Ltd. since August 2015. As the Group subleases the retail stores for all the remaining lease term of the main lease to the sublease, the sublease contract is classified as a finance lease.

The interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. As of December 31, 2022 and 2021, the interest rate inherent in the finance leases were both approximately 2.25% per annum.

To reduce the residual asset risk related to the leased building at the end of the relevant lease, the lease contract includes general risk management strategy.

The Group measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of December 31, 2022 and 2021, no finance lease receivable were past due. The Group has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessee operates, together with the value of collateral held over these finance lease receivables.

13. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 159,315	\$ 50,526
Raw materials	266	278
Supplies	911	1,350
	<u>160,492</u>	<u>52,154</u>
Land held for construction	<u>3,166</u>	<u>3,166</u>
	<u>\$ 163,658</u>	<u>\$ 55,320</u>

The nature of the cost of goods sold is as follows:

	December 31	
	2022	2021
Cost of inventories sold	\$ 959,960	\$ 1,051,315
Inventory write-downs	<u>3,780</u>	<u>404</u>
	<u>\$ 963,740</u>	<u>\$ 1,051,719</u>

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
Chia Hsin Cement Corporation	Tong Yang Chia Hsin International Corporation	General international trade (all business items that are not prohibited or restricted by law, except those that are subject to special approval)	87.18	87.18	-
Chia Hsin Cement Corporation	Chia Hsin Property Management & Development Corporation	Wholesale and retail business of machinery; warehousing; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	100.00	100.00	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2022	2021	
Chia Hsin Cement Corporation	Chia Pei International Corporation	Mining; wholesale of building materials; nonmetallic mining; retail sale of building materials; international trade; rental and leasing business; retail sale of other machinery and equipment	100.00	100.00	-
Chia Hsin Cement Corporation	Chia Hsin Pacific Limited	Holding company	74.16	74.16	Exchange rate risk
Chia Hsin Cement Corporation	BlueSky Co., Ltd.	International trade; real estate trading; real estate leasing	100.00	100.00	-
Chia Hsin Cement Corporation	YJ International Corporation	Real estate rental and leasing; real estate management; realtor agent	100.00	100.00	-
Chia Hsin Cement Corporation	Jaho Life Plus+ Management Corp., Ltd.	Management consulting service	100.00	100.00	-
YJ International Corporation	CHC Ryukyu Development GK	Real estate rental and leasing; management consulting service	100.00	100.00	Exchange rate risk
YJ International Corporation	CHC Ryukyu COLLECTIVE KK	Hotel management	100.00	100.00	Exchange rate risk
Tong Yang Chia Hsin International Corporation	Tong Yang Chia Hsin Marine Corp.	Shipping service	100.00	100.00	Exchange rate risk
Tong Yang Chia Hsin International Corporation	Chia Hsin Pacific Limited	Holding company	24.18	24.18	Exchange rate risk
Tong Yang Chia Hsin Marine Corp.	Jiangsu Jiaguo Construction Material Storage Co., Ltd. (Note 1)	Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Jiangsu Chia Hsin Real Estate Co., Ltd. (Note 2)	Developing and operating real estate and providing property management service	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Property Management & Development Corporation	Chia Sheng Construction Corp.	Wholesale and retail business of machinery; residence, factory buildings and office buildings leasing and selling; PPE leasing and selling	100.00	100.00	-
Chia Hsin Property Management & Development Corporation	Chuang Neng Technology Co., Ltd. (Note 3)	Energy technology service	100.00	-	-
Chia Hsin Pacific Limited	Effervesce Investment Pte. Ltd.	Investment and holding company	100.00	100.00	Exchange rate risk
Effervesce Investment Pte. Ltd.	Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose.	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Effervesce Investment Pte. Ltd.	Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement.	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Effervesce Investment Pte. Ltd.	Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products.	68.00	68.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Pacific Limited	Yonica Pte Ltd (Note 4)	Investment and holding company	-	-	Exchange rate risk
Chia Hsin Pacific Limited	Sparksvie Pte. Ltd.	Investment and holding company	100.00	100.00	Exchange rate risk
Sparksvie Pte. Ltd.	Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products.	32.00	32.00	Exchange rate risk and political risk arising from Cross-Strait relations
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. (Note 5)	Consulting for management of healthcare and hospitality business.	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd. (Note 6)	Maternity and infant health care; sales of mother & baby supplies; life & beauty services	100.00	100.00	Exchange rate risk and political risk arising from Cross-Strait relations
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Jiapeng Gemcare Maternity (Suzhou) Co., Ltd. (Notes 7 and 8)	Maternity and infant health care; sales of mother & baby supplies; life & beauty services	-	100.00	Exchange rate risk and political risk arising from Cross-Strait relations

(Concluded)

Note 1: The shareholders of Jiangsu Jiaguo Construction Material Storage Co., Ltd. approved the reduction of its capital by US\$9,200 thousand which were remitted to its investor on August 1, 2022.

Note 2: The shareholders of Jiangsu Chia Hsin Real Estate Co., Ltd. approved the reduction of its capital by RMB10,000 thousand which were remitted to its investor on March 31, 2022.

- Note 3: On September 21, 2022, Chia Hsin Property Management & Development Corporation was invested by \$5,000 thousand, and it was legally registered by the Taipei City Government on September 27, 2022.
- Note 4: The company was liquidated by the resolution of the board of directors of Yonica Pte. Ltd. on April 20, 2021. The remaining property for distribution was substantially completed in November 2021, and the dissolution registration was completed on February 2, 2022.
- Note 5: On February 16, 2022, January 26, 2021, and May 28, 2021, Chia Hsin Business Consulting (Shanghai) Co., Ltd. increased its investment in Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. by RMB13,000 thousand, RMB8,000 thousand and RMB4,000 thousand, respectively.
- Note 6: On February 16, 2022, November 28, 2022 and January 27, 2021, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. increased its investment in Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd. by RMB5,000 thousand, RMB3,000 thousand and RMB14,000 thousand, respectively.
- Note 7: On February 16, 2022 and May 28, 2021, Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. increased its investment in Jiapeng Gemcare Maternity (Suzhou) Co., Ltd. by RMB5,000 thousand and RMB4,000 thousand, respectively.
- Note 8: The liquidation of the Company was resolved by the board of directors of Jiapeng Gemcare Maternity (Suzhou) Co., Ltd. on June 20, 2022. The cancellation of registration was completed on September 19, 2022.

Any transaction, account balance, revenue and expense between the consolidated entities are eliminated and not shown on the consolidated financial statements.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2022	2021
Tong Yang Chia Hsin International Corporation	12.82%	12.82%

Refer to Note 40, Tables 5 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the subsidiaries and associates.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2022	2021	2022	2021
Tong Yang Chia Hsin International Corporation	\$ 6,830	\$ 85,033	\$ 814,409	\$ 989,243

The summarized financial information below represents amounts before intragroup eliminations.

Tong Yang Chia Hsin International Corporation

	December 31	
	2022	2021
Current assets	\$ 1,763,722	\$ 2,365,470
Non-current assets	4,951,117	5,569,774
Current liabilities	(196,823)	(48,071)
Non-current liabilities	<u>(167,114)</u>	<u>(172,349)</u>
Equity	<u>\$ 6,350,902</u>	<u>\$ 7,714,824</u>
Equity attributable to:		
Owners of the Group	\$ 5,536,493	\$ 6,725,581
Non-controlling interests of Tong Yang Chia Hsin International Corporation	<u>814,409</u>	<u>989,243</u>
	<u>\$ 6,350,902</u>	<u>\$ 7,714,824</u>
For the Year Ended December 31		
	2022	2021
Operating revenue	<u>\$ 106,592</u>	<u>\$ 108,027</u>
Net profit for the year	\$ 53,275	\$ 663,321
Other comprehensive (loss) income	<u>(1,401,822)</u>	<u>596,864</u>
Total comprehensive (loss) income for the year	<u>\$ (1,348,547)</u>	<u>\$ 1,260,185</u>
Profit attributable to:		
Owners of the Group	\$ 46,445	\$ 578,288
Non-controlling interests of Tong Yang Chia Hsin International Corporation	<u>6,830</u>	<u>85,033</u>
	<u>\$ 53,275</u>	<u>\$ 663,321</u>
Total comprehensive (loss) income attributable to:		
Owners of the Group	\$ (1,175,663)	\$ 1,098,629
Non-controlling interests of Tong Yang Chia Hsin International Corporation	<u>(172,884)</u>	<u>161,556</u>
	<u>\$ (1,348,547)</u>	<u>\$ 1,260,185</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 62,265	\$ 29,261
Investing activities	189,411	536,320
Financing activities	<u>(314,307)</u>	<u>(671,008)</u>
Net cash outflow	<u>\$ (62,631)</u>	<u>\$ (105,427)</u>

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in associates

	December 31	
	2022	2021
Material associates		
LDC ROME HOTELS S.R.L.	\$ 337,024	\$ 289,131
L'Hotel De Chine Corporation	1,219,545	1,032,448
Chia Hsin Construction & Development Corp.	1,747,897	1,870,402
Associates that are not individually material	<u>235,792</u>	<u>253,309</u>
	<u>\$ 3,540,258</u>	<u>\$ 3,445,290</u>

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
LDC ROME HOTELS S.R.L.	40.00%	40.00%
Chia Hsin Construction & Development Corp.(Note)	46.18%	43.87%
L'Hotel De Chine Corporation	23.10%	23.10%

Note: Chia Hsin Construction & Development Corp. repurchased 3,585 thousand shares in February 2022, increasing the Group's shareholding ratio from 43.87% to 46.18%.

Refer to Note 40, Table 5 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

All the associates were accounted for using the equity method.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

LDC ROME HOTELS S.R.L.

	December 31	
	2022	2021
Current assets	\$ 391,523	\$ 200,036
Non-current assets	1,541,023	1,560,215
Current liabilities	(178,392)	(134,259)
Non-current liabilities	<u>(911,593)</u>	<u>(903,164)</u>
Equity	<u>\$ 842,561</u>	<u>\$ 722,828</u>
Proportion of the Group's ownership	40.00%	40.00%
Equity attributable to the Group	<u>\$ 337,024</u>	<u>\$ 289,131</u>
Carrying amount	<u>\$ 337,024</u>	<u>\$ 289,131</u>

For the Year Ended December 31

	2022	2021
Operating revenue	\$ 525,601	\$ 235,128
Net loss for the year	(41,651)	(104,258)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>\$ (41,651)</u>	<u>\$ (104,258)</u>

On September 28, 2022, the Group increased its investment in LDC ROME HOTELS S.R.L. by EUR1,600 thousand (equivalent to \$48,698 thousand).

Chia Hsin Construction & Development Corp.

December 31

	2022	2021
Current assets	\$ 1,618,320	\$ 2,006,649
Non-current assets	2,342,794	2,628,645
Current liabilities	(191,670)	(296,726)
Non-current liabilities	<u>(11,458)</u>	<u>(104,405)</u>
Equity	<u>\$ 3,757,986</u>	<u>\$ 4,234,163</u>
Proportion of the Group's ownership	46.18%	43.87%
Equity attributable to the Group	\$ 1,735,441	\$ 1,857,527
Premium representing the difference between fair value and carrying amount of remaining equity investments	<u>12,456</u>	<u>12,875</u>
Carrying amount	<u>\$ 1,747,897</u>	<u>\$ 1,870,402</u>

For the Year Ended December 31

	2022	2021
Operating revenue	\$ 242,321	\$ 343,344
Net profit for the year	4,490	114,794
Other comprehensive (loss) income	<u>(197,707)</u>	<u>97,836</u>
Total comprehensive (loss) income for the year	<u>\$ (193,217)</u>	<u>\$ 212,630</u>
Dividends received from Chia Hsin Construction & Development Corp.	<u>\$ 37,751</u>	<u>\$ 15,729</u>

L'Hotel De Chine Corporation

	December 31	
	2022	2021
Current assets	\$ 642,150	\$ 598,400
Non-current assets	6,455,691	7,065,130
Current liabilities	(539,850)	(1,555,061)
Non-current liabilities	<u>(1,278,575)</u>	<u>(1,638,997)</u>
Equity	<u>\$ 5,279,416</u>	<u>\$ 4,469,472</u>
Proportion of the Group's ownership	23.10%	23.10%
Equity attributable to the Group	<u>\$ 1,219,545</u>	<u>\$ 1,032,448</u>
Carrying amount	<u>\$ 1,219,545</u>	<u>\$ 1,032,448</u>
For the Year Ended December 31		
	2022	2021
Operating revenue	<u>\$ 1,051,051</u>	<u>\$ 919,740</u>
Net profit (loss) for the year	624,310	(603,476)
Other comprehensive income (loss)	<u>22,165</u>	<u>(34,626)</u>
Total comprehensive income (loss) for the year	<u>\$ 646,475</u>	<u>\$ (638,102)</u>

Acquisition of associates

On December 1, 2020, the Group acquired 67,998,915 shares of L'Hotel De Chine Corporation for \$1,107,340 thousand in cash and \$50,000 thousand of contingent consideration agreement, which represented a shareholding of 23.10%. The Group has identified the difference between the cost of acquisition and the net fair value of the identifiable assets and liabilities of its associate in November 2021.

	L'Hotel De Chine Corporation
Cash	\$ 1,107,340
Contingent consideration agreement (Note)	<u>50,000</u>
	<u>\$ 1,157,340</u>

Note: According to the contingent consideration agreement, if net book value per share of L'Hotel De Chine Corporation in 2020 did not meet the contractual agreement, the Group is not obligated to pay the contingent consideration. The net book value per share in 2020 has met the contractual agreement and, therefore, the Group has paid the contingent consideration on May 31, 2021.

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
(Loss) profit from continuing operations	\$ (5,136)	\$ 4,599
Other comprehensive (loss) income	<u>(2,483)</u>	<u>6,986</u>
Total comprehensive (loss) income for the year	<u>\$ (7,619)</u>	<u>\$ 11,585</u>

On May 10, 2019, the board of directors of Shanghai Chang Hsin Shipping Co., Ltd., an associate that is not individually material held by the Group, resolved to liquidate the company. On May 17, 2021, the liquidation process and the cancellation of registration of Shanghai Chang Hsin Shipping Co., Ltd. were completed. The Group received \$66,327 thousand of cash return on capital due to liquidation and recognized \$3,245 thousand of gain on disposal of associates accounted for using the equity method under other gains and losses.

- b. The investment in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the associates' financial statements which have been audited for the same years.

16. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Assets used by the Group	\$ 4,784,817	\$ 5,216,443
Assets leased under operating leases	<u>63,616</u>	<u>65,659</u>
	<u>\$ 4,848,433</u>	<u>\$ 5,282,102</u>

a. Assets used by the Group

	Land	Building	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2021	\$ 1,049,179	\$ 3,664,218	\$ 810,215	\$ 18,722	\$ 2,871,645	\$ 649,990	\$ 29,612	\$ 9,093,581
Additions	-	4,055	5,609	1,330	1,596	27,936	64,160	104,686
Disposals	-	-	(4,907)	(2,891)	-	(1,383)	-	(9,181)
Reclassified from property under construction (Note)	-	-	693	-	19	5,427	(6,869)	(730)
Reclassified from prepayments	-	-	4,362	-	-	-	-	4,362
Effect of foreign currency exchange differences	<u>(135,337)</u>	<u>(475,421)</u>	<u>(24,668)</u>	<u>(67)</u>	<u>467</u>	<u>(53,351)</u>	<u>(695)</u>	<u>(689,072)</u>
Balance at December 31, 2021	<u>\$ 913,842</u>	<u>\$ 3,192,852</u>	<u>\$ 791,304</u>	<u>\$ 17,094</u>	<u>\$ 2,873,727</u>	<u>\$ 628,619</u>	<u>\$ 86,208</u>	<u>\$ 8,503,646</u>
Revaluation								
Balance at January 1, 2021	\$ -	\$ -	\$ 15,806	\$ -	\$ -	\$ 357	\$ -	\$ 16,163
Disposals	-	-	-	-	-	(127)	-	(127)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 16,036</u>

(Continued)

	Land	Building	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>								
Balance at January 1, 2021	\$ -	\$ 154,485	\$ 573,788	\$ 13,217	\$ 1,759,806	\$ 256,385	\$ -	\$ 2,757,681
Depreciation expenses	-	132,600	26,920	1,699	117,143	99,133	-	377,495
Disposals	-	-	(4,907)	(2,687)	-	(1,393)	-	(8,987)
Effect of foreign currency exchange differences	-	(27,956)	(4,211)	(51)	156	(16,102)	-	(48,164)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 259,129</u>	<u>\$ 591,590</u>	<u>\$ 12,178</u>	<u>\$ 1,877,105</u>	<u>\$ 338,023</u>	<u>\$ -</u>	<u>\$ 3,078,025</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2021	\$ -	\$ -	\$ 55,987	\$ -	\$ 169,292	\$ -	\$ -	\$ 225,279
Effect of foreign currency exchange differences	-	-	(48)	-	(17)	-	-	(65)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,939</u>	<u>\$ -</u>	<u>\$ 169,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,214</u>
Carrying amount at December 31, 2021	<u>\$ 913,842</u>	<u>\$ 2,933,723</u>	<u>\$ 159,581</u>	<u>\$ 4,916</u>	<u>\$ 827,347</u>	<u>\$ 290,826</u>	<u>\$ 86,208</u>	<u>\$ 5,216,443</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 913,842	\$ 3,192,852	\$ 791,304	\$ 17,094	\$ 2,873,727	\$ 628,619	\$ 86,208	\$ 8,503,646
Additions	-	20	20,028	1,431	32,563	14,179	6,774	74,995
Disposals	-	-	(41,335)	(1,103)	(1,647)	(5,598)	-	(49,683)
Reclassified from property under construction	-	-	-	-	93,459	505	(93,964)	-
Reclassified from prepayments	-	-	16,089	-	-	-	-	16,089
Effect of foreign currency exchange differences	(30,621)	(107,639)	(4,664)	199	(1,648)	(11,848)	1,865	(154,356)
Balance at December 31, 2022	<u>\$ 883,221</u>	<u>\$ 3,085,233</u>	<u>\$ 781,422</u>	<u>\$ 17,621</u>	<u>\$ 2,996,454</u>	<u>\$ 625,857</u>	<u>\$ 883</u>	<u>\$ 8,390,691</u>
<u>Revaluation</u>								
Balance at January 1, 2022	\$ -	\$ -	\$ 15,806	\$ -	\$ -	\$ 230	\$ -	\$ 16,036
Disposals	-	-	(15,806)	-	-	-	-	(15,806)
Effect of foreign currency exchange differences	-	-	-	-	-	-	-	-
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 230</u>
<u>Accumulated depreciation</u>								
Balance at January 1, 2022	\$ -	\$ 259,129	\$ 591,590	\$ 12,178	\$ 1,877,105	\$ 338,023	\$ -	\$ 3,078,025
Depreciation expenses	-	118,236	29,403	1,350	116,626	92,443	-	358,058
Disposals	-	-	(57,141)	(1,053)	(302)	(2,529)	-	(61,025)
Effect of foreign currency exchange differences	-	(6,542)	(132)	159	(389)	(3,454)	-	(10,358)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 370,823</u>	<u>\$ 563,720</u>	<u>\$ 12,634</u>	<u>\$ 1,993,040</u>	<u>\$ 424,483</u>	<u>\$ -</u>	<u>\$ 3,364,700</u>
<u>Accumulated impairment</u>								
Balance at January 1, 2022	\$ -	\$ -	\$ 55,939	\$ -	\$ 169,275	\$ -	\$ -	\$ 225,214
Impairment losses	-	-	-	-	16,000	-	-	16,000
Effect of foreign currency exchange differences	-	-	140	-	50	-	-	190
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,079</u>	<u>\$ -</u>	<u>\$ 185,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,404</u>
Carrying amount at December 31, 2022	<u>\$ 883,221</u>	<u>\$ 2,714,410</u>	<u>\$ 161,623</u>	<u>\$ 4,987</u>	<u>\$ 818,089</u>	<u>\$ 201,604</u>	<u>\$ 883</u>	<u>\$ 4,784,817</u>

(Concluded)

Note: The amount of \$730 thousand was transferred from property under construction to other current asset.

Due to intense competition in the healthcare industry, declining fertility rate and the difficulty in business expansion, the future cash flows were expected to decrease, resulting in the recoverable amount being less than the carrying amount. Therefore, the Group recognized \$16,000 thousand of impairment loss on property, plant and equipment in 2022. The Group determined the recoverable amounts of the relevant assets on the basis of their value in use. The discount rate used in measuring the value in use was 7.9838% per annum. The impairment loss was recognized under other gains and losses.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office building	20 years
Storage and plant	20 years
Others	6-47 years
Machinery and equipment	2-20 years
Transportation equipment	3-8 years
Leasehold improvement	
Office building	5-40 years
Storage and plant	7-24 years
Others	3-24 years
Other equipment	2-20 years

b. Assets leased under operating leases

	Machinery and Equipment	Leasehold Improvement	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 239,590	\$ 82,797	\$ 2,779	\$ 325,166
Additions	-	-	-	-
Effect of foreign currency exchange differences	<u>(1,281)</u>	<u>(442)</u>	<u>(15)</u>	<u>(1,738)</u>
Balance at December 31, 2021	<u>\$ 238,309</u>	<u>\$ 82,355</u>	<u>\$ 2,764</u>	<u>\$ 323,428</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ 206,250	\$ 39,998	\$ 2,452	\$ 248,700
Depreciation expenses	1,159	1,441	24	2,624
Effect of foreign currency exchange differences	<u>(1,103)</u>	<u>(214)</u>	<u>(13)</u>	<u>(1,330)</u>
Balance at December 31, 2021	<u>\$ 206,306</u>	<u>\$ 41,225</u>	<u>\$ 2,463</u>	<u>\$ 249,994</u>
<u>Accumulated impairment</u>				
Balance at January 1, 2021	\$ -	\$ 7,817	\$ -	\$ 7,817
Impairment losses	-	-	-	-
Effect of foreign currency exchange differences	<u>-</u>	<u>(42)</u>	<u>-</u>	<u>(42)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 7,775</u>	<u>\$ -</u>	<u>\$ 7,775</u>
Carrying amount at December 31, 2021	<u>\$ 32,003</u>	<u>\$ 33,355</u>	<u>\$ 301</u>	<u>\$ 65,659</u>

(Continued)

	Machinery and Equipment	Leasehold Improvement	Other Equipment	Total
<u>Cost</u>				
Balance at January 1, 2022	\$ 238,309	\$ 82,355	\$ 2,764	\$ 323,428
Disposals	(4,232)	-	(398)	(4,630)
Effect of foreign currency exchange differences	<u>3,753</u>	<u>1,288</u>	<u>46</u>	<u>5,087</u>
Balance at December 31, 2022	<u>\$ 237,830</u>	<u>\$ 83,643</u>	<u>\$ 2,412</u>	<u>\$ 323,885</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ 206,306	\$ 41,225	\$ 2,463	\$ 249,994
Depreciation expenses	1,138	1,472	13	2,623
Disposals	(3,809)	-	(358)	(4,167)
Effect of foreign currency exchange differences	<u>3,245</u>	<u>636</u>	<u>41</u>	<u>3,922</u>
Balance at December 31, 2022	<u>\$ 206,880</u>	<u>\$ 43,333</u>	<u>\$ 2,159</u>	<u>\$ 252,372</u>
<u>Accumulated impairment</u>				
Balance at January 1, 2022	\$ -	\$ 7,775	\$ -	\$ 7,775
Impairment losses	-	-	-	-
Effect of foreign currency exchange differences	<u>-</u>	<u>122</u>	<u>-</u>	<u>122</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 7,897</u>	<u>\$ -</u>	<u>\$ 7,897</u>
Carrying amount at December 31, 2022	<u>\$ 30,950</u>	<u>\$ 32,413</u>	<u>\$ 253</u>	<u>\$ 63,616</u> (Concluded)

Operating leases relate to lease of machinery and equipment leasehold improvement, and other equipment in the Port of Longwu, Shanghai, with lease terms from 2019 to 2023. The operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2022	2021
Year 1	\$ 30,012	\$ 29,305
Year 2	<u>-</u>	<u>29,382</u>
	<u>\$ 30,012</u>	<u>\$ 58,687</u>

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	10-15 years
Leasehold improvement	
Office building	40 years
Storage and plant	37-40 years
Others	40 years
Other equipment	2-5 years

- c. Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 36.

17. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 535,221	\$ 559,926
Land improvement	812,545	778,637
Building	196,159	311,632
Machinery and equipment	-	60
Transportation equipment	<u>1,169</u>	<u>2,487</u>
	<u>\$ 1,545,094</u>	<u>\$ 1,652,742</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 12,179</u>	<u>\$ 1,589</u>
Depreciation charge for right-of-use assets		
Land	\$ 26,038	\$ 25,929
Land improvement	37,761	36,027
Building	60,628	72,558
Machinery and equipment	57	64
Transportation equipment	<u>1,290</u>	<u>1,321</u>
	<u>\$ 125,774</u>	<u>\$ 135,899</u>

- 1) Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease of right-of-use assets during the years ended December 31, 2022 and 2021.
- 2) From January 1, 2022 to December 31, 2022, the Group terminated part of the lease contracts in advance, resulting in a decrease of \$52,091 thousand in right-of-use assets, and recognized \$5,469 thousand of gain on disposal of right-of-use assets under other gains and losses.

- 3) Due to intense competition in the healthcare industry, the declining fertility rate and the difficulty in business expansion, the future cash flows were expected to decrease, resulting in the recoverable amount being less than the carrying amount. Therefore, the Group recognized \$19,000 thousand of impairment loss on building under right-of-use assets in 2022. The Group determined the recoverable amounts of the relevant assets on the basis of their value in use. The discount rate used in measuring the value in use was 7.9838% per annum. The impairment loss was recognized under other gains and losses.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	\$ 139,172	\$ 132,442
Non-current	\$ 1,514,484	\$ 1,599,272

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	1.38%-5.46%	1.38%-5.46%
Land improvement	1.38%-1.58%	1.38%-1.58%
Building	1.30%-4.99%	1.30%-5.59%
Machinery and equipment	5.20%	5.20%
Transportation equipment	2.00%-6.12%	2.00%-6.12%

c. Material lease activities and terms as lessee

1) Warehousing and storage service at the wharves

In order to operate in cargo loading, unloading, storage and transit business, the Group entered into two lease contracts in December 2009 and December 2014, respectively, to lease the first bulk and general cargo center in Port of Taipei ("Port of Taipei") from Port of Keelung Taiwan International Ports Corporation Ltd., and to lease the wharf and equipment attached in the Port of Taichung from Port of Taichung Taiwan International Ports Corporation Ltd. ("Port of Taichung"). The lease term for Port of Taipei lasts for 35 years and 5 months that commenced on December 10, 2009; the lease term for Port of Taichung lasts from December 1, 2014 to December 31, 2024. The rentals for lands in Port of Taipei are calculated on the basis of the regional average rent and the annual rental ratio of the market price of each square meter announced by the government. The leases are adjusted in line with the regional rent and ratio of the market price announced publicly. The rentals for buildings are adjusted in accordance with annual "Construction Cost Index" published by the Directorate General of Budget, Accounting and Statistics (DGBAS), the Executive Yuan of the ROC.

The rentals for the land in Port of Taichung are calculated based on land value of the area and the annual rate of rent approved by the government, and will adapt to any adjustments made by the government. The rent for the equipment of Port of Taichung is adjusted yearly based on the Annual Wholesale Price Indices of Taiwan, and the percentage of changes is limited to 2 percent.

According to the abovementioned contracts, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessors' consent. At the end of the contract terms, the Group has the right to apply for extension, and a new contract can be signed at both parties' consent.

Joint Operating Agreement

In order to operate a bulk cement business in China, the Group entered into a joint operating agreement with Shanghai International Port (Group) Co, Ltd (“Longwu Harbor”). According to the agreement, Longwu Harbor should lease the land use right of its pier to the Group. The lease term lasts for 40 years, commencing on the date the joint venture company, established by the two parties, obtains its business license. Beginning on the sixth year of the lease term, the rent should be adjusted annually based on the increasing rate of the average annual cement price listed on the Shanghai Construction Engineering Cost Information System. When the cement price decreased, no rental adjustment should be made. At the end of the contract term, the contract can be extended and registered with relevant government agencies according to the agreement between both parties.

2) Healthcare business

In order to develop its healthcare business, the Group entered into leasing contracts of buildings for operation purposes in both Taiwan and China. The lease terms range from 10 to 15 years. At the end of the lease term, the Group has the right to apply for extension and bargain renewal options. However, the Group has no bargain purchase options and is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessors’ consent.

d. Other lease information

The Group’s leases as lessor of property, plant and equipment and investment properties under operating leases are set out in Notes 16 and 18, respectively; finance leases of assets are set out in Note 12.

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	\$ 5,029	\$ 5,842
Expenses relating to low-value asset leases	\$ 1,007	\$ 1,402
Total cash outflow for leases	\$ (150,136)	\$ (162,412)

The Group’s leases of certain office equipment, transportation equipment and buildings qualify as short-term and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. INVESTMENT PROPERTIES

	Land	Building	Investment Property under Construction	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 2,168,581	\$ 305,852	\$ 127,139	\$ 2,601,572
Additions (Note 1)	53,023	-	76,009	129,032
Disposals (Note 1)	(5,012)	-	-	(5,012)
Reclassified (Note 2)	-	(8,972)	-	(8,972)
Effect of foreign currency exchange differences	(53,233)	(340)	(20,615)	(74,188)
Balance at December 31, 2021	<u>\$ 2,163,359</u>	<u>\$ 296,540</u>	<u>\$ 182,533</u>	<u>\$ 2,642,432</u>

(Continued)

	Land	Building	Investment Property under Construction	Total
<u>Revaluation</u>				
Balance at January 1, 2021	\$ 3,739,647	\$ 151,645	\$ -	\$ 3,891,292
Disposals (Note 1)	(48,011)	-	-	(48,011)
Reclassified (Note 2)	-	(635)	-	(635)
Balance at December 31, 2021	<u>\$ 3,691,636</u>	<u>\$ 151,010</u>	<u>\$ -</u>	<u>\$ 3,842,646</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ -	\$ 342,514	\$ -	\$ 342,514
Depreciation expenses	-	8,816	-	8,816
Reclassified (Note 2)	-	(8,115)	-	(8,115)
Effect of foreign currency exchange differences	-	(142)	-	(142)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 343,073</u>	<u>\$ -</u>	<u>\$ 343,073</u>
<u>Accumulated impairment</u>				
Balance at January 1, 2021	\$ -	\$ 11,649	\$ -	\$ 11,649
Effect of foreign currency exchange differences	-	(61)	-	(61)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 11,588</u>	<u>\$ -</u>	<u>\$ 11,588</u>
Carrying amount at December 31, 2021	<u>\$ 5,854,995</u>	<u>\$ 92,889</u>	<u>\$ 182,533</u>	<u>\$ 6,130,417</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 2,163,359	\$ 296,540	\$ 182,533	\$ 2,642,432
Additions	-	-	88,160	88,160
Effect of foreign currency exchange differences	(12,043)	990	(4,205)	(15,258)
Balance at December 31, 2022	<u>\$ 2,151,316</u>	<u>\$ 297,530</u>	<u>\$ 266,488</u>	<u>\$ 2,715,334</u>
<u>Revaluation</u>				
Balance at January 1, 2022	<u>\$ 3,691,636</u>	<u>\$ 151,010</u>	<u>\$ -</u>	<u>\$ 3,842,646</u>
Balance at December 31, 2022	<u>\$ 3,691,636</u>	<u>\$ 151,010</u>	<u>\$ -</u>	<u>\$ 3,842,646</u>

(Continued)

	Land	Building	Investment Property under Construction	Total
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ -	\$ 343,073	\$ -	\$ 343,073
Depreciation expenses	-	8,379	-	8,379
Effect of foreign currency exchange differences	-	425	-	425
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 351,877</u>	<u>\$ -</u>	<u>\$ 351,877</u>
<u>Accumulated impairment</u>				
Balance at January 1, 2022	\$ -	\$ 11,588	\$ -	\$ 11,588
Effect of foreign currency exchange differences	-	181	-	181
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 11,769</u>	<u>\$ -</u>	<u>\$ 11,769</u>
Carrying amount at December 31, 2022	<u>\$ 5,842,952</u>	<u>\$ 84,894</u>	<u>\$ 266,488</u>	<u>\$ 6,194,334</u> (Concluded)

Note 1: In order to activate its assets, the Group undertook a land swap on May 26, 2021 with National Property Administration. The Group swapped out \$5,012 thousand of investment properties - land with revaluation of \$48,011 thousand, and swapped in \$53,023 thousand of assets with the same cost.

Note 2: The amount of \$1,492 thousand was transferred from building to general and administrative expenses.

The abovementioned investment properties are depreciated on a straight-line basis over their estimated useful lives from 5 to 60 years.

The investment properties are not evaluated by an independent valuer but valued by the Group's management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and by discounted cash flow analysis. The significant unobservable inputs used include discount rates. The appraised fair value is as follows:

	<u>December 31</u>	
	2022	2021
The fair values of investment properties	\$ 12,483,663	\$ 12,793,999
Discount rate	7.9838%	6.8458%

The Group's investment properties under construction is located on the seaside, Toyosaki Japan. Because the location is still in the development stage, the comparable market transactions occur infrequently and no substitute estimated fair value can be obtained. As a result, the Group cannot reliably determine the fair value of investment property under construction.

All of the Group's investment properties are freehold properties. The investment properties pledged as collateral for bank borrowings are set out in Note 36.

19. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2021	\$ 14,160
Additions	184
Effect of foreign currency exchange differences	<u>(1,835)</u>
Balance at December 31, 2021	<u>\$ 12,509</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 2,813
Amortization expenses	2,629
Effect of foreign currency exchange differences	<u>(513)</u>
Balance at December 31, 2021	<u>\$ 4,929</u>
Carrying amount at December 31, 2021	<u>\$ 7,580</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 12,509
Additions	1,968
Effect of foreign currency exchange differences	<u>(408)</u>
Balance at December 31, 2022	<u>\$ 14,069</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 4,929
Amortization expenses	2,605
Effect of foreign currency exchange differences	<u>(116)</u>
Balance at December 31, 2022	<u>\$ 7,418</u>
Carrying amount at December 31, 2022	<u>\$ 6,651</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 5 years

	For the Year Ended December 31	
	2022	2021
An analysis of amortization by function		
General and administrative expenses	<u>\$ 2,605</u>	<u>\$ 2,629</u>

20. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Prepayments		
Prepaid guarantee for freight	\$ 74,013	\$ 56,452
Prepayment for investment	-	41,520
Overpaid sales tax	21,909	29,723
Office supplies	7,015	5,282
Prepayment for purchase	262	354
Prepaid rents	953	778
Others	<u>10,748</u>	<u>14,938</u>
	<u>\$ 114,900</u>	<u>\$ 149,047</u>
Other current assets		
Others	<u>\$ 1,702</u>	<u>\$ 117</u>
<u>Non-current</u>		
Other non-current assets		
Prepayments for equipment	\$ 2,456	\$ 17,339
Others	864	3,743
Overdue receivables (Note 10)	<u>-</u>	<u>-</u>
	<u>\$ 3,320</u>	<u>\$ 21,082</u>

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings	\$ 585,000	\$ 209,000
Unsecured borrowings	<u>1,088,664</u>	<u>705,000</u>
	<u>\$ 1,673,664</u>	<u>\$ 914,000</u>

- 1) The range of interest rates on bank loans was 1.30%-2.21% and 0.85%-0.90% per annum as of December 31, 2022 and 2021, respectively.
- 2) Refer to Note 36 for information on collaterals for the abovementioned borrowings.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 128,000	\$ 135,000
Less: Unamortized discounts on bills payable	<u>(386)</u>	<u>(158)</u>
	<u>\$ 127,614</u>	<u>\$ 134,842</u>

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral
<u>Commercial paper</u>					
International Bills	<u>\$ 128,000</u>	<u>\$ (386)</u>	<u>\$ 127,614</u>	2.038%	None

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral
<u>Commercial paper</u>					
International Bills	<u>\$ 135,000</u>	<u>\$ (158)</u>	<u>\$ 134,842</u>	0.888%	None

c. Long-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings</u>		
Bank loans (1)	\$ 4,925,157	\$ 5,190,984
Loans from governments (2)	2,009,641	2,170,902
<u>Unsecured borrowings</u>		
Bank loans (3)	<u>1,437,920</u>	<u>1,494,900</u>
	8,372,718	8,856,786
Less: Current portion	<u>(933,090)</u>	<u>(947,847)</u>
Long-term borrowings	<u>\$ 7,439,628</u>	<u>\$ 7,908,939</u>

- 1) The Group signed medium-term secured loan contracts with First Commercial Bank, Cathy United Bank, Bank SinoPac, China Trust Commercial Bank and Taiwan Cooperative Bank, respectively. The bank loans are to be repaid at once or in installments according to the agreements. The facilities allow drawdowns on a revolving basis. As of December 31, 2022 and 2021, the annual interest rates of 1.27%-1.86% and 1.05%-1.29%, respectively. The loan is repayable in 3 to 7 years, and the final maturity date of the loan is December 28, 2029.

- 2) The Group entered into a secured government loan facility contract with Okinawa Development Finance Corporation. The loan is to be repaid in installments according to the repayment schedule in the contract. As of December 31, 2022 and 2021, the annual interest rates are both 0.05%-0.2%. The final maturity date of the loan is June 25, 2042.
- 3) The Group signed medium-term unsecured loan contracts with Taishin Bank, Bank SinoPac, and China Trust Commercial Bank. The bank loans are to be repaid at once or in installments according to the agreements. The facilities allow drawdown on a revolving basis. As of December 31, 2022 and 2021, the annual interest rates of 1.27%-1.68% and 1.05%-1.41%, respectively. The loan is repayable in 3 to 5 years, and the final maturity date of the loan is December 28, 2026.
- 4) Refer to Note 36 for information on collaterals for the abovementioned borrowings.

22. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2022	2021
<u>Notes payable</u>		
Operating	\$ 1,907	\$ 3,351
<u>Trade payables</u>		
Operating	\$ 86,994	\$ 118,141

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 68,189	\$ 93,678
Payables for machinery and equipment and construction in progress (Note 32)	35,413	235
Payables for VAT	35,666	82,645
Payables for interests	2,548	1,397
Payables for dividends (Note 32)	1,081	-
Payables for professional fees	11,249	7,453
Payables for insurance	6,058	4,474
Others	46,440	37,860
	<u>\$ 206,644</u>	<u>\$ 227,742</u>
Advance receipts		
Advanced rental receipts	\$ 6,536	\$ 8,820

(Continued)

	December 31	
	2022	2021
Other liabilities		
Receipts under custody	\$ <u>6,773</u>	\$ <u>2,870</u>
<u>Non-current</u>		
Deferred revenue		
Government grants (Note 31)	\$ <u>342,402</u>	\$ <u>367,431</u> (Concluded)

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and the Group's subsidiaries in Taiwan adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of the People's Republic of China, which is a defined contribution plan.

The employees of the Group's subsidiaries in Japan are members of a state-managed retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

For the years ended on December 31, 2022 and 2021, the amounts included in the consolidated statements of comprehensive income in respect of the Group's defined contribution plan were \$12,836 thousand and \$12,671 thousand, respectively.

b. Defined benefit plans

The defined benefit plans adopted by the Group 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 Group contributes amounts equal to 2% 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 Group 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 Group 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 Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ (91,843)	\$ (97,375)
Fair value of plan assets	<u>110,422</u>	<u>102,209</u>
Surplus	<u>18,579</u>	<u>4,834</u>
Net defined benefit assets	<u>\$ 18,579</u>	<u>\$ 4,834</u>

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2021	\$ (107,455)	\$ 106,448	\$ (1,007)
Service cost			
Current service cost	(2,261)	-	(2,261)
Net interest (expense) income	<u>(526)</u>	<u>508</u>	<u>(18)</u>
Recognized in profit or loss	<u>(2,787)</u>	<u>508</u>	<u>(2,279)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	1,408	1,408
Actuarial loss			
Changes in demographic assumptions	(2,049)	-	(2,049)
Changes in financial assumptions	1,188	-	1,188
Experience adjustments	<u>5,229</u>	<u>-</u>	<u>5,229</u>
Recognized in other comprehensive income	<u>4,368</u>	<u>1,408</u>	<u>5,776</u>
Benefits paid	8,499	(8,499)	-
Contributions from the employer	<u>-</u>	<u>2,344</u>	<u>2,344</u>
Balance at December 31, 2021	(97,375)	102,209	4,834
Service cost			
Current service cost	(1,727)	-	(1,727)
Net interest (expense) income	<u>(608)</u>	<u>646</u>	<u>38</u>
Recognized in profit or loss	<u>(2,335)</u>	<u>646</u>	<u>(1,689)</u>
Remeasurement			
Actuarial loss			
Changes in demographic assumptions	-	8,349	8,349
Changes in financial assumptions	6,855	-	6,855
Experience adjustments	<u>(1,720)</u>	<u>-</u>	<u>(1,720)</u>
Recognized in other comprehensive income	<u>5,135</u>	<u>8,349</u>	<u>13,484</u>
Benefits paid	2,732	(2,732)	-
Contributions from the employer	<u>-</u>	<u>1,950</u>	<u>1,950</u>
Balance at December 31, 2022	<u>\$ (91,843)</u>	<u>\$ 110,422</u>	<u>\$ 18,579</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, 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 shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government 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 plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries 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 obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rate	1.125%-1.5%	0.625%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	\$ (1,888)	\$ (2,189)
0.25% decrease	\$ 1,946	\$ 2,262
Expected rate of salary increase		
0.25% increase	\$ 1,902	\$ 2,194
0.25% decrease	\$ (1,854)	\$ (2,135)

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

	December 31	
	2022	2021
Expected contributions to the plans for the next year	\$ 1,989	\$ 2,377
Average duration of the defined benefit obligation	6.2-9.2 years	7.2-9.9 years

25. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	1,500,000	1,500,000
Amount of shares authorized	\$ 15,000,000	\$ 15,000,000
Shares issued and fully paid (in thousands of shares)	774,781	774,781
Amount of shares issued and fully paid	\$ 7,747,805	\$ 7,747,805

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2022	2021
<u>May only be used to offset a deficit (1)</u>		
Treasury share transaction	\$ 367,772	\$ 367,772
Unclaimed dividends extinguished by prescription	9,792	9,194
Unclaimed dividends extinguished by prescription of subsidiaries	3,106	2,909
Changes in equity of associates accounted for using the equity method	29,768	3,610
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (2)</u>		
Treasury share transaction		
Dividends paid to subsidiaries	782,977	710,800
Disposal of treasury shares	24,829	24,829
Share-based payment	15,428	15,428
Share-based payment of subsidiaries and second - tier subsidiaries	4,747	4,747
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal	7	7
	<u>\$ 1,238,426</u>	<u>\$ 1,139,296</u>

Note 1: Such capital surplus may only be used to offset a deficit

Note 2: Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's paid-in capital each year).

For 2022 and 2021, the Company distributed cash dividends to subsidiaries, with capital surplus - treasury shares adjusted by the amounts of \$72,177 thousand and \$155,010 thousand, respectively.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation of the Company, when the Company makes the financial statement to obtain after-tax surplus earnings in a fiscal year, it shall make up its accumulated losses, set aside a sum as legal reserve, set aside or reverse a 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 Company'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 bonus to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 27(g).

The remaining dividend policy is taken by the Company. In consideration of the future business expansion and capital needs, an appropriate amount of earnings can be retained. If there are undistributed earnings remained after the appropriation, distribution of earnings can be made.

For the distribution of shareholders' dividends, cash dividends shall be more than 10% of total dividends distributed in the current year, the remainders will be in stock dividends.

According to the Company Act No. 237, the Company shall recognize as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the total amount of paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings. The sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The Company is required to make appropriation to or reversal from the special reserve for the items referred to in Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". The FSC issued Rule No. 1090150022 on March 31, 2021, and Rule No. 1010012865 and No. 1010047490 were repealed on December 31, 2021 and March 31, 2021, respectively.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' regular meetings on June 14, 2022 and August 18, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 68,062	\$ 183,510
Cash dividends	502,675	1,079,560
Cash dividends per share (NT\$)	0.65	1.40

The appropriation of earnings for 2022 is expected to be proposed by the board of directors in April 2023 and will be resolved by the shareholders in their meeting to be held on May 30, 2023.

The earnings of the Company and the subsidiaries are appropriated under the Articles of each company and are not restricted by contract.

d. Special reserve

If a special reserve appropriated on the first-time adoption of IFRSs relates to investment properties other than land, the special reserve may be reversed continuously over the period of use or may be reversed upon the disposal or reclassification of the related assets. The special reserve related to land may be reversed on the disposal or reclassification of the land.

In addition to the special reserve that the Company can voluntarily appropriate according to the Articles, the Company may also appropriate or reverse special reserve under Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”. If there is subsequent reversal of debits to other equity items, the Company may distribute the reversed debit amounts as dividends. The FSC issued Rule No. 1090150022 on March 31, 2021, and Rule No. 1010012865 were repealed on December 31, 2021.

The special reserves recognized as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Appropriation in respect of the Articles of Incorporation of the Company	\$ 295,756	\$ 295,756
First application of Rule issued by the FSC		
Revaluation of investment properties (Note)	1,793,450	1,793,450
Exchange differences on translation of the financial statements of foreign operations	<u>168,790</u>	<u>168,790</u>
	<u>\$ 2,257,996</u>	<u>\$ 2,257,996</u>

Note: In the half of 2021, the Group reversed \$17,708 thousand of revaluation of investment properties originated from the first application of rule issued by the FSC due to the completion of subsequent disposal transactions.

e. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (800,236)	\$ (404,225)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	187,458	(536,868)
Share from associates accounted for using the equity method	6,412	(4,289)
Related income tax	<u>(42,356)</u>	<u>145,146</u>
Other comprehensive income (loss) recognized for the year	<u>151,514</u>	<u>(396,011)</u>
Balance at December 31	<u>\$ (648,722)</u>	<u>\$ (800,236)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 6,779,354	\$ 5,343,439
Recognized for the year		
Unrealized (loss) gain on financial assets at FVTOCI	(3,223,381)	1,383,859
Unrealized (loss) gain on financial assets at FVTOCI held by associates accounted for using the equity method	<u>(96,001)</u>	<u>52,056</u>
Other comprehensive (loss) income recognized for the year	<u>(3,319,382)</u>	<u>1,435,915</u>
Balance at December 31	<u>\$ 3,459,972</u>	<u>\$ 6,779,354</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 884,865	\$ 835,202
Share in profit for the year	6,876	89,687
Other comprehensive income (loss) during the year		
Exchange differences on translation of the financial statements of foreign entities	11,652	(17,716)
Related income tax	(1,660)	2,324
Unrealized (loss) gain on financial assets at FVTOCI	(131,721)	57,597
Unrealized (loss) gain on financial assets at FVTOCI held by associates accounted for using the equity method	(162)	457
Remeasurement on defined benefit plans	292	6
Income tax relating to defined benefit plans	(58)	(1)
Adjustments of capital surplus due to dividend paid to subsidiaries and second-tier subsidiaries	-	412
Adjustments of capital surplus due to unclaimed dividends extinguished by prescription	29	29
Cash dividends	<u>(56,681)</u>	<u>(83,132)</u>
Balance at December 31	<u>\$ 713,432</u>	<u>\$ 884,865</u>

g. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2021	4,435	127,371	131,806
Increase during the year	-	-	-
Decrease during the year	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Number of shares at December 31, 2021	<u>1,435</u>	<u>127,371</u>	<u>128,806</u>

(Continued)

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2022	1,435	127,371	128,806
Increase during the year	-	-	-
Decrease during the year	-	-	-
Number of shares at December 31, 2022	<u>1,435</u>	<u>127,371</u>	<u>128,806</u> (Concluded)

To motivate employees and enhance the internal cohesion in the company, the Company adopts “The First Rules on Transfer Repurchased Shares to Employees” in accordance with Article 28.2.1.1 of R.O.C. Securities and Exchange Law and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” enacted by Financial Supervisory Commission. The repurchased shares transferred to employees by the Company, in addition to complying with competent laws and regulations, shall be processed subject to the Rules.

In 2021, the Company transferred all 3,000 thousand treasury shares repurchased in 2018 under the first repurchase plan to its employees at the price of \$13.7 per share. The Group recognized \$20,587 thousand of compensation costs on the grant date, and \$(96) thousand of capital surplus - treasury shares transaction was recognized on the shares settlement date.

Refer to Note 30 for information on share-based payment arrangements.

Prior to the amendment of the Company Act at the end of 2001, subsidiaries purchased shares of the Company on the open market in line with government policy and in order to maintain the stability of the share price on the open market. The relevant information on the holding of the Company's shares is as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Based on the Shareholding Ratio Carrying Amount	Market Price
<u>December 31, 2022</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	<u>\$ 1,055,710</u>	<u>\$ 1,932,121</u>
<u>December 31, 2021</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	<u>\$ 1,055,710</u>	<u>\$ 2,304,110</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to receive dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

26. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 992,780	\$ 1,070,147
Revenue from the rent	277,180	258,643
Revenue from rendering of services	609,845	715,803
Revenue from catering and hospitality	<u>373,854</u>	<u>175,661</u>
	<u>\$ 2,253,659</u>	<u>\$ 2,220,254</u>

a. Contract information

Revenue from the sale of goods

The main operating revenue of the Group is from the sales of cement and other goods. All goods are sold at their respective fixed price as agreed in the contracts.

Revenue from the rent

The rental income comes from the lease of property, plant and equipment. The Group recognizes the revenue according to the contract on accrual basis.

Revenue from rendering of services

The Group operates the cement silo and other storage and transport facilities in the wharves to provide warehousing and storage services. The fee is calculated based on the actual amount of goods delivered and the agreed price in the signed contracts.

Revenue from catering and hospitality services

The Group recognizes the revenue from catering services once the merchandise is sold to the client. The consideration is collected from the client upon occurrence of the purchase transaction.

The Group recognizes the revenue from hospitality services once the service is rendered to the client. The contractual consideration is collected according to the agreed time schedule.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and trade receivables from unrelated parties (Note 10)	<u>\$ 250,625</u>	<u>\$ 215,745</u>	<u>\$ 256,134</u>
Trade receivables from related parties (Note 35)	<u>\$ 4,876</u>	<u>\$ 10,864</u>	<u>\$ 4,041</u>
Contract liabilities - current	<u>\$ 27,860</u>	<u>\$ 23,704</u>	<u>\$ 13,154</u>

Revenue recognized in the current reporting period that was included in the contract liability balance at the beginning of the period and from the performance obligations satisfied for the years ended December 31, 2022 and 2021 was \$23,704 thousand and \$13,154 thousand, respectively.

c. Disaggregation of revenue

For information on disaggregation of revenue, please refer to Note 41.

27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 76,114	\$ 52,820
Loans to related parties (Note 35)	<u>-</u>	<u>112</u>
	<u>\$ 76,114</u>	<u>\$ 52,932</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 31,947	\$ 31,779
Dividends (Note 35)	352,303	1,128,413
Government grants (Note 31)	20,301	47,155
Remuneration of directors (Note 35)	27,021	26,476
Others	<u>14,156</u>	<u>28,213</u>
	<u>\$ 445,728</u>	<u>\$ 1,262,036</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (19,623)	\$ (143)
Net foreign exchange gains (losses) (Note 27-h)	96,986	(84,026)
(Loss) gain on fair value changes of financial assets at FVTPL	(264,762)	102,103
Gain on disposal of subsidiaries (Note 14)	-	291,167
Gain on disposal of associates (Note 15)	-	3,245
Impairment loss on property, plant and equipment (Note 16)	(16,000)	-
Impairment loss on right-of-use assets (Note 17)	(19,000)	-
Gain on disposal of right-of-use assets	5,469	-
Others	<u>(1,301)</u>	<u>(979)</u>
	<u>\$ (218,231)</u>	<u>\$ 311,367</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 140,970	\$ 126,623
Interest on lease liabilities	34,151	37,321
Less: Capitalized interest amount	<u>(5,683)</u>	<u>(4,042)</u>
	<u>\$ 169,438</u>	<u>\$ 159,902</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest amount	\$ 5,683	\$ 4,042
Capitalization rate	0.96%-1.68%	0.84%-1.29%

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 360,681	\$ 380,119
Investment properties	8,379	8,816
Right-of-use assets	125,774	135,899
Other intangible assets	<u>2,605</u>	<u>2,629</u>
	<u>\$ 497,439</u>	<u>\$ 527,463</u>
An analysis of depreciation by function		
Operating costs	\$ 416,967	\$ 418,915
Operating expenses	<u>77,867</u>	<u>105,919</u>
	<u>\$ 494,834</u>	<u>\$ 524,834</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 2,605</u>	<u>\$ 2,629</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 456,101	\$ 475,890
Post-employment benefits (Note 24)		
Defined contribution plan	12,836	12,671
Defined benefit plans	1,689	2,279
Share-based payments		
Equity settled	-	20,587
Other employee benefits	<u>16,423</u>	<u>16,004</u>
	<u>\$ 487,049</u>	<u>\$ 527,431</u>

(Continued)

	For the Year Ended December 31	
	2022	2021
An analysis of employee benefits expense by function		
Operating costs	\$ 199,684	\$ 179,371
Operating expenses	<u>287,365</u>	<u>348,060</u>
	<u>\$ 487,049</u>	<u>\$ 527,431</u>
		(Concluded)

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees at rates of no less than 0.01% and no higher than 3%, and remuneration of directors at rates of no higher than 3% of net profit before income tax, compensation of employees and remuneration of directors.

The Company had loss before income tax for the year ended December 31, 2022. Therefore, no compensation of employees and remuneration of directors was accrued for the relevant period. The compensation of employees and the remuneration of directors for the years ended December 31, 2021, which was approved by the Company's board of directors on March 22, 2022, are as follows:

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	1.39%
Remuneration of directors	1.39%

Amount

	For the Year Ended December 31, 2021	
	Cash	Shares
Compensation of employees	\$ 9,660	\$ -
Remuneration of directors	9,660	-

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 213,419	\$ 57,081
Foreign exchange losses	<u>(116,433)</u>	<u>(141,107)</u>
Net foreign exchange gains (losses)	<u>\$ 96,986</u>	<u>\$ (84,026)</u>

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

According to regulations stipulated by Ruling Letter No. 910458039 dated February 12, 2003, “Principles and regulations of profit-seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law”, as a result of division in accordance with Article 40 of Enterprise Merger Law, the Company is elected as a tax payer and file a joint tax return which holds more than 90% shares of a domestic subsidiary for 12 months during a taxable year.

The Company filed the joint income tax returns of the Company and Chia Hsin Property Management & Development Corporation. The objective of the Company under the linked-tax system is to reduce the income tax liabilities of the companies by maximizing the benefits from the synergy of the Group and its subsidiaries.

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 18,296	\$ 17,122
Income tax on unappropriated earnings	7,736	25,084
Adjustments for prior years	(1,530)	113
Land value increment tax	<u>-</u>	<u>16,911</u>
	<u>24,502</u>	<u>59,230</u>
Deferred tax		
In respect of the current year	28,082	41,669
Land value increment tax	<u>-</u>	<u>(28,914)</u>
	<u>28,082</u>	<u>12,755</u>
Income tax expense recognized in profit or loss	<u>\$ 52,584</u>	<u>\$ 71,985</u>

A reconciliation of accounting profit and income tax expenses/average effective tax rate is as follows:

	For the Year Ended December 31	
	2022	2021
(Loss) profit before tax from continuing operations	<u>\$ (121,302)</u>	<u>\$ 819,520</u>
Income tax (benefit) expense calculated at the statutory rate	\$ (24,260)	\$ 163,904
Nondeductible expenses in determining taxable income	7,708	7,055
Income in determining taxable income	-	37,303
Tax-exempt income	(22,033)	(290,543)
Income tax on unappropriated earnings	7,736	25,084
Unrecognized loss carryforwards	106,572	90,485
Loss carryforwards utilized in the current year	(23,531)	(4,017)
Unrecognized deductible temporary differences	9,791	64,453
Effect of different tax rates of group entities in the Group operating in other jurisdictions	(7,869)	(9,849)
Land value increment tax	-	(12,003)
Adjustments for prior years' income tax	<u>(1,530)</u>	<u>113</u>
Income tax expense recognized in profit or loss	<u>\$ 52,584</u>	<u>\$ 71,985</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (44,016)	\$ 147,470
Remeasurement of defined benefit plans	<u>(2,696)</u>	<u>(1,155)</u>
Total income tax recognized in other comprehensive income	<u>\$ (46,712)</u>	<u>\$ 146,315</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	<u>\$ 1,021</u>	<u>\$ 467</u>
Current tax liabilities		
Income tax payable	<u>\$ 108,242</u>	<u>\$ 121,492</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, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Impairment of inventory	\$ 1,473	\$ 756	\$ -	\$ 2,229
Fair value changes of financial assets at FVTPL	26	2,095	-	2,121
Unrealized gain or loss on foreign exchange	21,401	(21,286)	-	115
Allowance for impairment loss	973	-	-	973
Exchange differences on translating the financial statements of foreign operations	240,589	-	(44,016)	196,573
Retirement benefit over statutory limit	57,198	(52)	-	57,146
Payables for annual leave	561	(24)	-	537
Defined benefit obligations	9,595	-	(2,241)	7,354
Others	1,261	326	-	1,587
	<u>\$ 333,077</u>	<u>\$ (18,185)</u>	<u>\$ (46,257)</u>	<u>\$ 268,635</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain on investments accounted for using the equity method	\$ 423,318	\$ 2,081	\$ -	\$ 425,399
Fair value changes of financial assets at FVTPL	5,731	(5,731)	-	-
Exchange differences on translating the financial statements of foreign operations	229	-	-	229
Provision for land value increment tax	1,150,820	-	-	1,150,820
Defined benefit obligations	3,739	-	455	4,194
Unrealized gain or loss on foreign exchange	-	13,547	-	13,547
Others	60	-	-	60
	<u>\$ 1,583,897</u>	<u>\$ 9,897</u>	<u>\$ 455</u>	<u>\$ 1,594,249</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Impairment of inventory	\$ 1,898	\$ (425)	\$ -	\$ 1,473
Fair value changes of financial assets at FVTPL	52	(26)	-	26
Loss on investments accounted for using the equity method	674	(674)	-	-
Unrealized gain or loss on foreign exchange	9,365	12,036	-	21,401
Allowance for impairment loss	1,000	(27)	-	973
Exchange differences on translating the financial statements of foreign operations	93,119	-	147,470	240,589
Retirement benefit over statutory limit	57,211	(13)	-	57,198
Payables for annual leave	527	34	-	561
Defined benefit obligations	10,741	-	(1,146)	9,595
Others	396	865	-	1,261
	<u>\$ 174,983</u>	<u>\$ 11,770</u>	<u>\$ 146,324</u>	<u>\$ 333,077</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Gain on investments accounted for using the equity method	\$ 369,765	\$ 53,553	\$ -	\$ 423,318
Fair value changes of financial assets at FVTPL	5,839	(108)	-	5,731
Exchange differences on translating the financial statements of foreign operations	229	-	-	229
Provision for land value increment tax	1,179,734	(28,914)	-	1,150,820
Defined benefit obligations	3,730	-	9	3,739
Others	66	(6)	-	60
	<u>\$ 1,559,363</u>	<u>\$ 24,525</u>	<u>\$ 9</u>	<u>\$ 1,583,897</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2022	\$ -	\$ 1,843
Expiry in 2023	5,614	5,528
Expiry in 2024	19,011	18,841
Expiry in 2025	20,448	20,945
Expiry in 2026	45,095	58,018
Expiry in 2027	172,857	40,591
Expiry in 2028	31,650	32,243
Expiry in 2029	250,612	257,623
Expiry in 2030	469,860	484,008
Expiry in 2031	364,535	375,592
Expiry in 2032	<u>394,939</u>	<u>-</u>
	<u>\$ 1,774,621</u>	<u>\$ 1,295,232</u>
Deductible temporary differences		
Impairment loss on non-financial assets	\$ 1,942	\$ 1,911
Gain or loss on investments in subsidiaries and associates accounted for using the equity method	3,663,166	3,127,887
Impairment loss on property, plant and equipment	37,514	22,892
Credit loss allowance	8,172	8,046
Impairment loss on right-of-use	47,453	30,554
Unrealized gain on foreign exchange	-	2,874
Others	<u>8,829</u>	<u>5,732</u>
	<u>\$ 3,767,076</u>	<u>\$ 3,199,896</u>

- f. Income tax assessments

- 1) The income tax returns of the Company and its subsidiaries, Chia Hsin Property Management & Development Corporation, as of December 31, 2020 except 2019, the business income tax returns of the Company through 2020 have been assessed by the tax authorities. The income tax returns of Tong Yang Chia Hsin International Corporation, Jaho Life Plus+ Management Corp., Ltd., BlueSky Co., Ltd. and YJ International Corporation through 2019 have been assessed by the tax authorities. The income tax returns of Chia Pei International Corporation and Chia Sheng Construction Corp. through 2021 have been assessed by the tax authorities. Except for the abovementioned issues, the Company and the abovementioned subsidiaries do not involve in material pending action in regard of taxation.
- 2) Other overseas group entities in the Group do not involve in any material pending action in regard of taxation.

29. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic (loss) earnings per share	<u>\$ (0.28)</u>	<u>\$ 1.02</u>
Diluted (loss) earnings per share	<u>\$ (0.28)</u>	<u>\$ 1.02</u>

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of (loss) earnings per share were as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2022	2021
(Loss) profit for the year attributable to owners of the Company	\$ (180,762)	\$ 657,848
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
(Loss) earnings used in the computation of diluted (loss) earnings per share from continuing operations	<u>\$ (180,762)</u>	<u>\$ 657,848</u>

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	645,975	644,540
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>- (Note)</u>	<u>556</u>
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	<u>645,975</u>	<u>645,096</u>

Note: The balance was anti-dilutive and excluded from the computation of diluted earnings per share.

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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.

30. SHARE-BASED PAYMENT ARRANGEMENTS

Transaction of Treasury Shares Granted to Employees

To motivate the employees and enhance the internal cohesion in the Group, in the first and second quarter of 2021, the Group registered to transfer to its employees who met specific criteria a total of 769,000 shares and 2,231,000 shares, respectively; the shares were repurchased in 2018 under the first repurchase plan. The related information was as follows:

	Granted on May 7, 2021		Granted on January 19, 2021	
	Number of Shares (In Thousands of Shares)	Weighted- average Exercise Price (\$)	Number of Shares (In Thousands of Shares)	Weighted- average Exercise Price (\$)
Treasury Shares Granted to Employees				
Balance at January 1	-		-	
Shares granted	2,231	\$ 13.7	769	\$ 13.7
Shares exercised	(2,231)		(769)	
Shares expired	-		-	
Balance at December 31	-		-	
Shares exercisable, end of the period	-		-	
Weighted-average fair value of shares granted (\$)	\$ 8.69		\$ 1.56	

The Group used the Black-Scholes pricing model to value the treasury shares granted to its employees in 2021. Inputs used in the model were as follows:

	Granted on May 7, 2021	Granted on January 19, 2021
Exercise price (\$)	\$13.7	\$13.7
Fair value (\$)	\$8.69	\$1.56
Expected rate of volatility	28.78%	22.12%
Duration	85 days	39 days
Risk-free rate of interest	0.12%	0.17%

The Company and its subsidiaries recognized \$15,428 thousand and \$5,159 thousand of compensation costs on the grant date, respectively, and recognized a deduction of \$96 thousand of capital surplus - treasury shares transaction on the shares settlement date.

31. GOVERNMENT GRANTS

- a. In order to finance the construction of Hotel COLLECTIVE in Okinawa and to respond the impact on operation due to Covid-19, the Group applied for a loan from Okinawa Development Finance Corporation. The loan facility was JPY10,500,000 thousand. The term of the loan lasts for 25 years, and the loan is to be repaid semi-annually in 42 installments, with the first installment commencing in the fourth year after the first drawdown date on December 20, 2017. The Group had drawn JPY10,500,000 thousand in total. The fair value of the borrowing was JPY8,873,333 thousand discounted at the market interest rate at the borrowing date. The difference of JPY1,626,667 thousand between the proceeds and the fair value of the loan is the benefit derived from the low-interest loan and has been recognized as deferred revenue. As of December 31, 2022 and 2021, the amount of deferred revenue was

JPY1,473,330 thousand and JPY1,527,779 thousand, respectively (equivalent to \$342,402 thousand and \$367,431 thousand), respectively. The deferred revenue will be reclassified to other revenue gradually along with the depreciation recognized over the estimated useful lives of buildings acquired. For the years ended December 31, 2022 and 2021, a total of JPY54,449 thousand and JPY54,449 thousand (equivalent to \$12,387 thousand and \$13,884 thousand) was recognized under other income, respectively.

- b. The Group received short-term compensation from Ministry of Health, Labor and Welfare in Japan. For the years ended December 31, 2022 and 2021, the Group has recognized JPY28,557 thousand and JPY112,079 thousand (equivalent to \$6,497 thousand and \$28,580 thousand) in total under other income.
- c. In accordance with the Japanese government's emergency declaration, the Group received salaries grants for decreasing working hours. For the year ended December 31, 2021, the Group has recognized JPY6,228 thousand and JPY18,398 thousand (equivalent to \$1,417 thousand and \$4,691 thousand) under other income.

32. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

- 1) As of December 31, 2022 and 2021, the payables for equipment - property, plant and equipment were \$35,413 thousand and \$235 thousand, respectively.
- 2) As of December 31, 2022 and 2021, the dividends declared but not yet paid to non-controlling interests - unrelated party were \$1,081 thousand and \$0 thousand, respectively.
- 3) The Group transferred \$41,520 thousand of prepayment for investments into financial assets at FVTPL for the year ended December 31, 2022.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes				Others	Closing Balance
			New Leases	Amortization of Interest Expense	Lease Modifications	Change in Exchange Rate		
Short-term borrowings	\$ 914,000	\$ 757,900	\$ -	\$ -	\$ -	\$ 1,764	\$ -	\$ 1,673,664
Short-term bills payable	134,842	(7,000)	-	(228)	-	-	-	127,614
Long-term borrowings	8,856,786	(383,958)	-	30,171	-	(130,281)	-	8,372,718
Guarantee deposits received	118,546	1,830	-	-	-	23	-	120,399
Lease liabilities	1,731,714	(109,949)	12,179	34,151	15,446	4,266	(34,151)	1,653,656
	<u>\$ 11,755,888</u>	<u>\$ 258,823</u>	<u>\$ 12,179</u>	<u>\$ 64,094</u>	<u>\$ 15,446</u>	<u>\$ (124,228)</u>	<u>\$ (34,151)</u>	<u>\$ 11,948,051</u>

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes				Others	Closing Balance
			New Leases	Amortization of Interest Expense	Lease Modifications	Change in Exchange Rate		
Short-term borrowings	\$ 1,564,000	\$ (650,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 914,000
Short-term bills payable	136,773	(2,000)	-	69	-	-	-	134,842
Long-term borrowings	9,300,008	59,729	-	35,205	-	(538,156)	-	8,856,786
Guarantee deposits received	113,843	4,749	-	-	-	(46)	-	118,546
Lease liabilities	1,847,940	(117,847)	1,589	37,321	3,380	(3,348)	(37,321)	1,731,714
	<u>\$ 12,962,564</u>	<u>\$ (705,369)</u>	<u>\$ 1,589</u>	<u>\$ 72,595</u>	<u>\$ 3,380</u>	<u>\$ (541,550)</u>	<u>\$ (37,321)</u>	<u>\$ 11,755,888</u>

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remained unchanged in recent years.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The management of the Group periodically reviews its capital structure. As part of the review, the management considers the cost of capital, financial ratios required by loans and related risks in determining the proper structure for its capital. Followed the management's suggestion, the Group balances its overall capital structure by obtaining financing facilities from financial institutions and adjusting the amount of dividends paid to the shareholders.

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amount of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximates their fair value or that the fair value of such assets and liabilities cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 789,557	\$ -	\$ -	\$ 789,557
Listed shares in foreign market	39,077	-	-	39,077
Mutual funds	<u>20,010</u>	<u>-</u>	<u>468,839</u>	<u>488,849</u>
	<u>\$ 848,644</u>	<u>\$ -</u>	<u>\$ 468,839</u>	<u>\$ 1,317,483</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 11,414,040	\$ -	\$ -	\$ 11,414,040
Unlisted shares in domestic market	<u>-</u>	<u>-</u>	<u>467,097</u>	<u>467,097</u>
	<u>\$ 11,414,040</u>	<u>\$ -</u>	<u>\$ 467,097</u>	<u>\$ 11,881,137</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 1,023,941	\$ -	\$ -	\$ 1,023,941
Listed shares in foreign market	50,340	-	-	50,340
Mutual funds	<u>61,766</u>	<u>-</u>	<u>251,261</u>	<u>313,027</u>
	<u>\$ 1,136,047</u>	<u>\$ -</u>	<u>\$ 251,261</u>	<u>\$ 1,387,308</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 14,740,532	\$ -	\$ -	\$ 14,740,532
Unlisted shares in domestic market	<u>-</u>	<u>-</u>	<u>394,326</u>	<u>394,326</u>
	<u>\$ 14,740,532</u>	<u>\$ -</u>	<u>\$ 394,326</u>	<u>\$ 15,134,858</u>

There were no transfers between Levels 1 and 2 in 2022 and 2021.

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

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL Mutual Funds	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2022	\$ 251,261	\$ 394,326	\$ 645,587
Purchase	269,462	91,485	360,947
Disposal	(74,526)	-	(74,526)
Recognized in profit or loss	22,642	-	22,642
Recognized in other comprehensive (loss) income	<u>-</u>	<u>(18,714)</u>	<u>(18,714)</u>
Balance at December 31, 2022	<u>\$ 468,839</u>	<u>\$ 467,097</u>	<u>\$ 935,936</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 12,784</u>	<u>\$ -</u>	<u>\$ 12,784</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Mutual Funds	Equity Instruments	
Balance at January 1, 2021	\$ 104,150	\$ 312,923	\$ 417,073
Purchase	262,927	90,000	352,927
Disposal	(129,071)	-	(129,071)
Recognized in profit or loss	13,255	-	13,255
Recognized in other comprehensive (loss) income	-	(8,597)	(8,597)
Balance at December 31, 2021	<u>\$ 251,261</u>	<u>\$ 394,326</u>	<u>\$ 645,587</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 12,588</u>	<u>\$ -</u>	<u>\$ 12,588</u>

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

The fair value of mutual funds is determined using the method and hypothesis described below:

The fair value is determined by the use of valuation techniques or the price quotations from various counterparties. The fair value measurement using valuation techniques uses as reference the published current fair value of instruments with similar terms and characteristics, or uses discounted cash flow method or other valuation methods, including the use of a valuation model using market information available at the balance sheet date.

The Group holds unlisted shares. The significant unobservable input in the measurement of such investments is liquidity discount. The fair value of unlisted shares is determined using market approach where the fair value of the shares of similar or peer companies is used as reference. As of December 31, 2022 and 2021, the ranges of liquidity discount used were 14.18%-30.00% and 20.00%-30.00% respectively.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 1,317,483	\$ 1,387,308
Financial assets measured at amortized cost (1)	6,503,082	6,636,531
Financial assets at FVTOCI		
Equity instruments	11,881,137	15,134,858
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	10,562,175	10,316,693

- 1) The balances include financial assets, which comprise cash and cash equivalent, notes receivable from unrelated parties, trade receivables from unrelated parties and related parties, other receivables from unrelated parties and related parties, financial assets at amortized costs, and refundable deposits.

- 2) The balances include financial liabilities, which comprise short-term loans, short-term bills payable, notes payable to unrelated parties, trade payables to unrelated parties and related parties, other payables to unrelated parties (excluding payable for salaries and bonus, tax payable, payable for insurance and payable for dividends) and other payables to related parties (excluding payable for dividends), current portion of long-term borrowings payable, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity securities, trade receivables, financial assets at amortized cost, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the Group's management, which monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency transactions, which exposes the Group to foreign currency risk. Exchange rate exposures are managed by the delegated team, which regularly monitors and properly adjusts the assets and liabilities affected by the exchange rate to manage foreign currency risk.

Since the Group's net investments in foreign operations are strategic investments, the Group does not seek to hedge against the currency risk.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 38.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB, EUR and JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact (i)		RMB Impact (ii)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$ 52,715	\$ 52,935	\$ -	\$ 9,787

	EUR Impact (iii)		JPY Impact (iv)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$ -	\$ 8,573	\$ 65,995	\$ 34,928

- The result was mainly attributable to the exposure on outstanding cash and cash equivalents and other receivables in USD that were not hedged at the end of the year.
- The result was mainly attributable to the exposure on outstanding cash and cash equivalents in RMB that were not hedged at the end of the year.
- The result was mainly attributable to the exposure on outstanding cash and cash equivalents in EUR that were not hedged at the end of the year.
- The result was mainly attributable to the exposure on outstanding cash and cash equivalents in JPY that were not hedged at the end of the year.

The above results of the Group's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the decrease in financial assets in USD, RMB and EUR, and the increase in financial assets in JPY.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 4,839,323	\$ 4,714,030
Financial liabilities	4,524,575	4,451,458
Cash flow interest rate risk		
Financial assets	1,243,849	1,559,205
Financial liabilities	7,303,077	7,185,884

Sensitivity analysis

The sensitivity analysis below is based on the Group's exposure to interest rates of derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the year was outstanding for the whole year. A 25 basis point 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 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$15,148 thousand and \$14,067 thousand, respectively.

For the year ended December 31, 2022, the Group's sensitivity to interest rates increased during the current period mainly due to the increase in floating rate liabilities.

c) Other price risk

The Group is exposed to equity price risk through its investments in equity securities and mutual funds. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the end of year.

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2021 would have increased/decreased by \$5,279 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2021 would have increased/decreased by \$6,730 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2021 would have increased/decreased by \$7,896 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2021 would have increased/decreased by \$112,081 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2020 would have increased/decreased by \$3,634 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2020 would have increased/decreased by \$5,996 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity price of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2020 would have increased/decreased by \$10,239 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2020 would have increased/decreased by \$145,353 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

Except for equity securities of Taiwan Cement Corporation, the Group's sensitivity to equity price of the financial assets increased due to the increase in the amount of such equity securities.

The difference of the Group's sensitivity to equity price of Taiwan Cement Corporation due to the change from the price of such equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets and the amount that could arise as liabilities on financial guarantees provided by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and financial institution to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group also delegates a special team to monitor the credit risk exposures and the credit amount of the counterparties and, therefore, does not expect any material credit risk.

The credit risk was mainly concentrated on the top 10 customers of the Group. As of December 31, 2022 and 2021, receivables from the top 10 customers were 56% and 67%, respectively, of total receivables.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, as of the end of the accounting period, the Group reviews the recoverability of the receivables and provides proper allowance for assessed irrecoverable receivables. In view of the methods mentioned above, the management considered the Group's credit risk has materially declined.

Transactions with banks of high credit ratings given by international rating agencies are mostly free from credit risks.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities set out in (b) below.

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

The following table details the Group'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 Group 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 for 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.

December 31, 2022

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 221,262	\$ 54,125	\$ 23,233	\$ 37,989	\$ 52,651
Fixed interest rate liabilities	451,023	412,070	123,680	492,973	1,692,747
Lease liabilities	26,578	5,138	138,249	460,870	1,331,879
Variable interest rate liabilities	<u>60,204</u>	<u>909,692</u>	<u>889,516</u>	<u>5,531,051</u>	<u>576,365</u>
	<u>\$ 759,067</u>	<u>\$ 1,381,025</u>	<u>\$ 1,174,678</u>	<u>\$ 6,522,883</u>	<u>\$ 3,653,642</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 169,965</u>	<u>\$ 460,870</u>	<u>\$ 443,931</u>	<u>\$ 383,555</u>	<u>\$ 343,179</u>	<u>\$ 161,214</u>

December 31, 2021

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 168,085	\$ 139,529	\$ 14,900	\$ 34,857	\$ 53,694
Fixed interest rate liabilities	414,603	135,000	125,019	511,045	1,878,845
Lease liabilities	27,164	8,141	120,980	530,319	1,374,601
Variable interest rate liabilities	<u>508,396</u>	<u>13,437</u>	<u>883,781</u>	<u>5,547,758</u>	<u>462,358</u>
	<u>\$ 1,118,248</u>	<u>\$ 296,107</u>	<u>\$ 1,144,680</u>	<u>\$ 6,623,979</u>	<u>\$ 3,769,498</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 156,285</u>	<u>\$ 530,319</u>	<u>\$ 441,300</u>	<u>\$ 377,433</u>	<u>\$ 326,620</u>	<u>\$ 229,248</u>

b) Financing facilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 2,654,584	\$ 2,334,900
Amount unused	<u>4,172,936</u>	<u>4,176,700</u>
	<u>\$ 6,827,520</u>	<u>\$ 6,511,600</u>

(Continued)

	December 31	
	2022	2021
Secured bank overdraft facilities:		
Amount used	\$ 7,771,904	\$ 7,863,674
Amount unused	<u>465,000</u>	<u>831,000</u>
	<u>\$ 8,236,904</u>	<u>\$ 8,694,674</u>
		(Concluded)

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Taiwan Cement Corporation	The Company acts as a member of the board of directors (B.O.D.)
Overseas Investment & Development Crop.	The Company acts as a member of the board of directors (B.O.D.)
International Chia Hsin Corporation	Associate
Chia Hsin Construction & Development Corp.	Associate
LDC ROME HOTELS S.R.L.	Associate
Shanghai Chang Hsin Shipping Co., Ltd. (Note)	Associate
FDC International Hotels Corporation	Associate
Chia Hsin Winn Corp.	Substantive related party
Sung Ju Investment Corp.	Substantive related party
La Trinite Naturelle Crop.	Substantive related party
Chia Hsin Foundation	Substantive related party
Pak Lion Investment Co., Ltd.	Substantive related party
Taiwan Transport & Storage Corp.	The Company acts as a member of the B.O.D. of its ultimate parent company

Note: On May 17, 2021 the dissolution of Shanghai Chang Hsin Shipping Co., Ltd. has been completed.

b. Revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental revenue	Associates	\$ 15,633	\$ 8,353
	The Company acts as a member of the B.O.D. of its ultimate parent company	2,468	2,443
	Substantive related parties	<u>9,766</u>	<u>7,646</u>
		<u>\$ 27,867</u>	<u>\$ 18,442</u>
			(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Service revenue	The Company acts as a member of the B.O.D. Taiwan Cement Corporation	\$ <u>33,372</u>	\$ <u>36,615</u> (Concluded)

The Group leases out the office and factory buildings to related parties at market price. The lease agreements were negotiated by both sides. The rentals are collected monthly.

The Group renders cement warehousing and storage service to a related party. The agreement for the service was negotiated by both sides. The fee is collected monthly.

c. Cost of goods sold

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Purchases of goods	The Company acts as a member of the B.O.D. Taiwan Cement Corporation	\$ 544,950	\$ 696,400
	Substantive related parties	<u>665</u>	<u>589</u>
		\$ <u>545,615</u>	\$ <u>696,989</u>

The purchase prices and payment terms to related parties were not significantly different from those of purchase from third parties. The payment term is 60 days after the purchase of goods.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Associates		
	FDC International Hotels Corporation	\$ 1,648	\$ 780
	Others	18	15
	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	3,206	10,064
	Substantive related parties	<u>4</u>	<u>5</u>
		\$ <u>4,876</u>	\$ <u>10,864</u>
Other receivables - other	Associates		
	Others	\$ <u>68</u>	\$ <u>317</u>

The outstanding trade and other receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade and other receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 83,160	\$ 123,932
	Substantive related parties	<u>69</u>	<u>78</u>
		<u>\$ 83,229</u>	<u>\$ 124,010</u>
Other payables	Substantive related parties	<u>\$ -</u>	<u>\$ 72</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

The Group is lessor under operating leases

The Group leases out the office buildings and factory buildings to its related parties under operating leases. The lease agreements were negotiated by both sides. The rentals were paid monthly or quarterly.

Future lease payment receivables are as follows:

Related Party Category/Name	December 31	
	2022	2021
Associates	\$ 952	\$ 952
Substantive related parties	5,150	11,216
The Company acts as a member of the B.O.D. of its ultimate parent company	<u>3,902</u>	<u>6,304</u>
	<u>\$ 10,004</u>	<u>\$ 18,472</u>

g. Loans to related parties

The Group provided its associates LDC ROME HOTELS S.R.L. with unsecured short-term loans at rates comparable to market interest rates. The related party paid off the principal and interest in full on May 31, 2021.

For the years ended December 31, 2021, the interest income from the loans was \$112 thousand.

h. Others

1)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Refundable deposits	Substantive related parties	\$ 764	\$ 168
	Associates	971	971
	The Company acts as a member of the B.O.D. of its ultimate parent company	<u>423</u>	<u>423</u>
		<u>\$ 2,158</u>	<u>\$ 1,562</u>

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Dividend revenue	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 323,918	\$ 1,091,779
	Others	<u>2,400</u>	<u>1,600</u>
		<u>\$ 326,318</u>	<u>\$ 1,093,379</u>

- 2) The Group acts as a member of the B.O.D of related parties. The receipts of remuneration of directors recognized as other income are as follows:

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Other income	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 26,220	\$ 25,696
	Others	657	309
	Associates	<u>144</u>	<u>471</u>
		<u>\$ 27,021</u>	<u>\$ 26,476</u>

3)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
General and administrative expenses	Substantive related parties	<u>\$ 8,498</u>	<u>\$ 8,453</u>

i. Endorsements and guarantees

Endorsements and guarantees provided by the Group

		December 31	
		2022	2021
		Amount Utilized	Amount Endorsed
Associates			
LDC ROME HOTELS S.R.L.		\$ 314,112	\$ 340,000
		\$ 300,672	\$ 340,000

j. Remuneration of key management personnel

		For the Year Ended December 31	
		2022	2021
Short-term employee benefits		\$ 54,982	\$ 61,206
Share-based payment		-	6,684
		\$ 54,982	\$ 67,890

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and with reference to market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The amounts of restricted assets of the Group that were provided as guarantees are as follows:

		December 31	
		2022	2021
Financial assets at amortized cost - non-current		\$ 27,428	\$ 25,856
Carrying amount of property, plant and equipment		2,861,259	3,019,056
Land		878,553	909,174
Buildings		1,982,706	2,109,882
Carrying amount of investment properties		3,180,543	3,197,494
Land - after revaluation		3,145,054	3,157,098
Buildings - after revaluation		35,489	40,396
		\$ 6,069,230	\$ 6,242,406

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

- a. As of December 31, 2022 and 2021, the Group had bank guarantees of \$139,288 thousand and \$153,034 thousand, respectively, issued under its name for the operations in the ports.

b. Unrecognized commitments were as follows:

	December 31	
	2022	2021
Property under construction	\$ 145,412	\$ 194,447
Purchase intangible assets	<u>-</u>	<u>100</u>
	<u>\$ 145,412</u>	<u>\$ 194,547</u>

As of December 31, 2022 and 2021, the abovementioned unrecognized commitments also include contractual commitments signed by CHC Ryukyu Development GK for Tomigusuku development project in the amounts of \$121,247 thousand and \$159,358 thousand, respectively.

c. The East Wharf No. 15 in the Port of Taipei collapsed on January 21, 2019, then Port of Keelung, Taiwan International Ports Corporation Ltd. ("Ports Corporation") repaired the wharf which was completed on November 12, 2020. Ports Corporation claimed against Chia Hsin Cement Corporation compensation for the related repair expenses in the amount of \$116,791 thousand. According to the legal advice to the Company, the management expects an unfavorable outcome of the litigation to be less likely to occur.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 29,567	30.71 (USD:NTD)	\$ 908,011
USD	4,764	1.3398 (USD:SGD)	146,292
JPY	2,335,666	0.0076 (JPY:USD)	542,840
JPY	3,343,622	0.2324 (JPY:NTD)	777,058
Non-monetary items			
Investments accounted for using the equity method			
EUR	10,300	32.72 (EUR:NTD)	337,024
Financial assets at FVTPL			
USD	10,889	30.71 (USD:NTD)	334,409
HKD	9,937	3.9324 (HKD:NTD)	39,077
EUR	4,720	32.72 (EUR:NTD)	154,440

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 34,793	27.68 (USD:NTD)	\$ 963,057
USD	3,455	1.3490 (USD:SGD)	95,642
EUR	5,474	31.32 (EUR:NTD)	171,459
JPY	2,904,639	0.2405 (JPY:NTD)	698,566
RMB	45,085	0.1568 (RMB:USD)	195,737
Non-monetary items			
Investments accounted for using the equity method			
EUR	9,232	31.32 (EUR:NTD)	289,131
Financial assets at FVTPL			
USD	11,309	27.68 (USD:NTD)	313,027
HKD	14,178	3.5506 (HKD:NTD)	50,340

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$96,986 thousand and \$(84,206) thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of functional currencies of the entities in the Group.

39. OTHERS

Important contracts

- The Group as lessee leased the East Wharf Nos. 13, 14 and 15 in the Port of Taipei from Taiwan International Ports Co., Ltd. and committed to constructing East Wharf No. 16 and its related office, silos and transportation equipment. The leased land is 65,000 square meters and is used in the operation of the subsidiary, Chia Pei International Corporation, to load and unload coal, sandstone, bulk and others. The lease term is 35 years and 5 months from December 10, 2009, the date of the transfer of the titles of related constructed equipment to Taiwan International Ports Co., Ltd. The annual minimum guaranteed volume for transportation is 1,200 thousand tons of coal and 5,950 thousand tons of sandstone.

The Group settled with Taiwan International Ports Co., Ltd. on December 27, 2016 and agreed that the Group's annual guaranteed transportation volume of sand and gravel can be replaced by the actual transportation of coal or other bulk cargoes during the year. (The annual replaceable limit shall be 4,050 thousand tons of guaranteed volume for transporting eastern sand and gravel to the north).

To promote the transporting of eastern sand and gravel to the north, Taiwan International Ports Co., Ltd. suspended Group's priority right to berth and provided Cargo the choice to berth their sand and gravel at Taipei Port First Bulk Cargo Center or Taipei Port Second Bulk Cargo Center according to their willingness instead. Meanwhile, Taiwan International Ports Co., Ltd. suspended 1,900 thousand tons of guaranteed volume for sand and gravel from January 1, 2020 to December 31, 2023.

- b. In order to satisfy the demand for cement in the northern part of Taiwan, the Group leased from Taiwan International Ports Co., Ltd. the land measuring 5,900.35 square meters at the West Wharf No. 33 of the Port of Keelung. The Group committed to building silos, loading and unloading equipment at Wharf No. 33 under the name of Keelung Harbor Bureau, Transportation Department of Taiwan Government, and the title of the property belongs to the Keelung Harbor Bureau, while the Group has the right to use the property free of charge within the lease term for operating the business of loading and unloading, transporting and storing cement. The lease term is 23 years and 9 months from October 7, 2000, the date of the transfer of the titles of related constructed equipment to Keelung Harbor Bureau. The minimum guaranteed transporting volume is 900,000 tons of cement per year and the management fees will be charged based on the minimum guaranteed volume of 900,000 tons regardless if the Group reached the volume or not. The rental is charged based on the average rental rate in the port and 5% of the rental rate published by the Taiwanese government. The Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of the loading fee in the port.
- c. In order to satisfy the demand for cement in Taichung and its surrounding area, the Group leased, from Taichung Harbor Bureau, Taiwan International Ports Corporation Ltd, the land, cement warehouses and facilities at Wharf No. 27, Port of Taichung through its subsidiary, Tong Yang Chia Hsin International Corporation to operate the business of loading and unloading, transporting and storing cement. The lease period started from December 1, 2014 to December 31, 2024 and the Group has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Group should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of the loading fee in the Port.
- d. In order to further establish the core development and transformation to the resort industry, the Group developed nearly 37 thousand square meters of beach-side resorts at Toyosaki, Okinawa. On August 17, 2019, the Group and the Japan subsidiary of InterContinental Hotels Group (IHG), a large international hotel chain, signed a long-term management service contract for the management of InterContinental Okinawa Chura SUN Resort with a service period of 20 years from the completion of the resorts. It is expected to introduce the entrusted management of the resort from IHG.
- e. Affected by the global COVID-19 pandemic, various epidemic prevention procedures implemented successively by various countries have a slight impact on the Group's business. Although the domestic epidemic has slowed down and government policies have been loosened, the global economic outlook remains uncertain. The Group has adopted relevant actions to reduce the impact on the Group's operations. In addition to maintaining close contact with customers and manufacturers, it is also committed to strengthening employee health management. However, the actual extent of the impact on the Group will be determined by the subsequent development of the epidemic. In terms of financing strategy, as of December 31, 2022, the unutilized bank financing line of the Group is \$4,637,936 thousand, and the Group has no concerns about financing difficulties. As the epidemic slows down and policies loosen, the Group expects operations will return to normal gradually. The Group will continue to monitor the progress of the pandemic and adjust relevant tactics as needed. Based on the aforementioned assessment, the epidemic did not have a material impact on the impairment of assets or the continuing operations of the Group.

40. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. investees:
 - 1) Financing provided to others (None)
 - 2) Endorsements/guarantees provided (Table 1)

- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 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) Other: Business relationships and inter-company transactions between the parent company and the subsidiaries (Table 6)
 - 11) 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, investment income or 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 area (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, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - 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

- 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)
- e. The disclosure of related information on affiliated companies as follows:
- 1) Disclosed items on the consolidated financial statements of affiliates are as follows:

No.	Items	Description
1	Subsidiaries' company names, relationships to the controlling company, nature of business, and the controlling company's shareholding or capital proportion.	Refer to Note 14
2	Variation of subsidiaries which are included in the current consolidated financial statements.	Refer to Note 14
3	Subsidiaries' company names, shareholding or capital proportion and the reasons that they are not listed on the consolidated financial statements.	None
4	The adjustments and the ways to manage when the controlling company and a subsidiary have different fiscal year start/end dates.	None
5	The adjustments when the controlling company and a subsidiary have different accounting policies.	None
6	Operating risk such as exchange risk for an overseas subsidiary.	Refer to Note 14
7	Retained earnings allocation of each subsidiary restricted by regulations or contracts.	Refer to Note 25
8	Consolidated amortization methods and expirations.	None
9	Others.	None

- 2) Disclosed items from each individual affiliate are as follows:

No.	Items	Description
1	Elimination transactions between the controlling company and subsidiaries and between subsidiaries.	Refer to Table 6
2	Information about accommodations of funds or endorsements.	Refer to Table 1
3	Information about derivative instrument transactions.	None
4	Significant contingencies.	None
5	Significant events after the reporting period.	None
6	Names, quantities, costs, market prices (if not available, disclose net worth per share), capital proportions and the highest shareholding situation of the securities.	Refer to Tables 2, 5 and 7
7	Others.	None

- f. The subsidiaries holding the parent company's shares should list clearly the Company's name, number of shares held, the total amounts and the related reasons: Refer to Note 25.

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

Cement segment - cement production, manufacture and sale.
Real estate segment - real estate trading and leasing.

Warehousing and storage segment - in charge of loading and unloading, warehousing and storage business in the port.

Hospitality and catering services segment - in charge of catering and room service in the hotel and the maternal and childcare center

Each of the abovementioned segment includes a number of direct operations, which were considered a separate operating segment by the chief operating decision maker (CODM). For the purposes of financial statement presentation, the individual operating segments of cement real estate, warehousing and storage and hospitality and catering services have been aggregated into a single operating segment, taking into account the following factors:

- These operating segments have similar long-term gross profit margins.
- The nature of the products and production processes are similar.
- The methods used to distribute the products to the customers are the same.

The segment information reported on the following pages.

- Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Cement segment	\$ 991,101	\$ 1,069,131	\$ (23,784)	\$ (31,023)
Real estate segment	270,161	250,926	144,089	125,840
Warehousing and storage segment	543,526	656,017	4,937	47,097
Hospitality and catering services segment	448,871	244,180	(329,272)	(427,669)
Other segment	-	-	(30,045)	(22,669)
Revenue from continuing operation	<u>\$ 2,253,659</u>	<u>\$ 2,220,254</u>		
Interest income			76,114	52,932
Other income			445,728	1,262,036
Other gains and losses			(218,231)	311,367
Finance costs			(169,438)	(159,902)
Share of profit or loss of associates and joint ventures accounted for using the equity method			139,895	(121,277)
General and administrative expenses and remuneration of director			<u>(161,295)</u>	<u>(217,212)</u>
(Loss) profit before income tax from continuing operation			<u>\$ (121,302)</u>	<u>\$ 819,520</u>

The abovementioned revenue was the transactions between entities in the Group and the third parties. All inter-segment transactions for the years ended December 31, 2022 and 2021 were eliminated through the consolidation.

Segment profit represents the profit before tax earned by each segment without allocation of general and administrative expenses and remuneration of directors, interest income, other income, other gains and losses, finance costs, share of profit or loss of associates and joint ventures accounted for using the equity method 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. Total segment assets and liabilities

The measure of assets and liabilities of the Group is not reported to the operating decision maker. Therefore, the information of segment assets and liabilities does not need to be disclosed.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2022	2021
Revenue from the sale of goods	\$ 992,780	\$ 1,070,147
Revenue from the rent	277,180	258,643
Revenue from rendering of services	609,845	715,803
Revenue from catering and hospitality	<u>373,854</u>	<u>175,661</u>
	<u>\$ 2,253,659</u>	<u>\$ 2,220,254</u>

d. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and Japan.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	\$ 1,890,368	\$ 2,049,858	\$ 7,759,605	\$ 7,941,577
China	19,994	15,836	387,093	426,177
Japan	<u>343,297</u>	<u>154,560</u>	<u>4,452,245</u>	<u>4,730,196</u>
	<u>\$ 2,253,659</u>	<u>\$ 2,220,254</u>	<u>\$ 12,598,943</u>	<u>\$ 13,097,950</u>

Non-current assets exclude investments accounted for using the equity method, those classified as financial instruments, deferred tax assets and net defined benefit assets.

e. Information about major customers

Included in revenue of \$2,253,659 thousand and \$2,220,254 thousand in 2022 and 2021, respectively, is revenue of \$263,598 thousand and \$303,782 thousand which represents sales to the Group's largest customer.

Single customers contributed 10% or more to the Group's revenue are detailed below

	For the Year Ended December 31	
	2022	2021
Customer A (Note 1)	\$ 263,598	\$ 303,782
Customer B (Notes 1 and 2)	<u>-</u>	<u>226,197</u>
	<u>\$ 263,598</u>	<u>\$ 529,979</u>

Note 1: Revenue from sales of cement.

Note 2: The amount is less than 10% of the Group's revenue in 2022.

TABLE 1

CHIA HSIEN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 5)										
0	Chia Hsin Cement Corporation (Note 2) Chia Hsin Cement Corporation (Notes 2 and 6)	LDC ROME HOTEL S.R.L.	f.	\$ 7,747,805 (Paid-in capital)	\$ 340,000	\$ 340,000	\$ 314,112	\$ -	1.60%	\$ 21,285,995	No	No	No
		CHC Ryukyu Development GK	b.	7,747,805 (Paid-in capital)	766,920	766,920	269,584	-	3.60%	21,285,995	Yes	No	No
		CHC Ryukyu COLLECTIVE KK	b.	7,747,805 (Paid-in capital)	1,525,955	1,525,955	1,162,000	-	7.17%	21,285,995	Yes	No	No
1	Chia Hsin Property Management & Development Corporation (Notes 3 and 6)	Chia Hsin Cement Corporation	c.	21,285,995	6,640,000	6,440,000	5,051,250	6,440,000	30.25%	21,285,995	No	Yes	No
2	Jaho Life Plus+ Management Corp., Ltd. (Note 4)	Gemcare Maternity Center	a.	26,686	2,500	2,500	2,500	2,500	0.01%	400,000	No	No	No
		Gemcare Dunhua Maternity Center	a.	31,552	1,000	1,000	1,000	1,000	0.00%	400,000	No	No	No

Note 1: a. The Company is coded "0."

b. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The amounts of guarantee to any individual entity shall not exceed the paid-in capital of the Company. The total amount of guarantees shall not exceed the net worth of the Company.

Note 3: The amount of guarantees from Chia Hsin Property Management & Development Corporation shall not exceed the net worth of the Company.

Note 4: The amounts of guarantees from Jaho Life Plus+ Management Corp., Ltd. shall not exceed the paid-in capital of the company. The amounts of guarantee to any individual entity shall not exceed the half of paid-in capital of the company. The amounts of guarantee for the business relationship shall not exceed the total amount of transaction one operating cycle.

Note 5: The seven types of relationships between the endorser/guarantor and endorsee/guaranteee indicated as numbers in the table above are as follows:

- Having a business relationship.
- The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guaranteee.
- The endorsee/guaranteee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- The endorser/guarantor owns directly or indirectly more than 90% of the ordinary shares of the endorsee/guaranteee.
- Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- Due to joint venture, each shareholder provides endorsee/guaranteees to the endorsee/guaranteee in proportion to its ownership.
- Companies in the same industry that are liable for joint endorsee/guaranteees of the preconstruction house contract under the consumer protection law.

Note 6: The listed amounts were eliminated upon consolidation.

TABLE 2

CHIA HSIEN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(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, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Chia Hsin Cement Corporation	Shares Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	8,513,782	\$ 286,489	0.12	\$ 286,489
	Asia Cement Corporation		Financial assets at FVTPL - current	71	3	-	3
	Foreign shares Anhui Conch Cement Co., Ltd.		Financial assets at FVTPL - current	364,000	39,077	0.01	39,077
	Foreign fund Greenwoods Golden China Fund		Financial assets at FVTPL - current	3,340	29,117	-	29,117
	JPMorgan Funds - Russia		Financial assets at FVTPL - current	81,593	-	-	-
	JPMorgan Funds - ASEAN Fund		Financial assets at FVTPL - current	2,697	11,844	-	11,844
	JPMorgan Funds - Pacific Technology Fund		Financial assets at FVTPL - current	3,769	8,166	-	8,166
	The Partners Fund - Class N-N (SERIES 27)		Financial assets at FVTPL - current	2,453	100,192	-	100,192
	Blackstone Real Estate Income Trust (Capital Offshore Access Fund SPC-Class A ACC-Series 14)		Financial assets at FVTPL - current	1,420	68,091	-	68,091
	Blackstone Real Estate Income Trust (Capital Offshore Access Fund SPC-Class A ACC-Series 30)		Financial assets at FVTPL - current	1,147	54,989	-	54,989
	Gopher US Venture Fund III		Financial assets at FVTPL - current	-	62,010	-	62,010
	Barrings Europe Core Property Fund		Financial assets at FVTPL - current	4,115	154,440	-	154,440
	Shares Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - current	27,939,039	940,149	0.38	940,149
	CHC Resources Corporation		Financial assets at FVTOCI - current	4,285,694	197,142	1.72	197,142
	Chien Kuo Construction Co., Ltd.		Financial assets at FVTOCI - current	771,256	8,792	0.31	8,792
	Shares Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	203,176,955	6,836,905	2.76	6,836,905
	B Current Impact Investment Fund 3		Financial assets at FVTOCI - non-current	1,000,000	10,000	10.00	10,000
	Pan Asian (Engineers & Constructors) Corporation		Financial assets at FVTOCI - non-current	2,718,217	29,438	2.38	29,438
	Chia Hsin Ready-Mixed Concrete Corporation		Financial assets at FVTOCI - non-current	12,718,440	254,115	13.71	254,115

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Tong Yang Chia Hsin International Corporation	Overseas Investment & Development Corp.		Financial assets at FVTOCI - non-current	2,000,000	\$ 16,540	2.22	\$ 16,540
	Smart Ageing Tech Co., Ltd.		Financial assets at FVTOCI - non-current	3,600,000	63,072	10.62	63,072
	Gping Wellness Co., Ltd.		Financial assets at FVTOCI - non-current	494,512	85,654	18.00	85,654
	Asia Pacific Gongshanglian Corporation Limited		Financial assets at FVTOCI - non-current	21,090	-	0.03	-
	Chia Hsin Livestock Corp.		Financial assets at FVTOCI - non-current	6,600,000	-	1.17	-
	Huatung Heping River Mining Industry Development Co., Ltd.		Financial assets at FVTOCI - non-current	9,350	-	1.87	-
	Shares Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	14,949,915	503,065	0.20	503,065
	Shares Taiwan Cement Corporation	The Company acts as a member of the B.O.D. Parent company	Financial assets at FVTOCI - current	35,700,561	1,201,324	0.49	1,201,324
	Chia Hsin Cement Corporation		Financial assets at FVTOCI - non-current	127,370,320	2,216,244	16.43	2,216,244
	Taiwan Cement Corporation		Financial assets at FVTOCI - non-current	66,262,371	2,229,728	0.90	2,229,728
	IBT Second Venture Capital Co., Ltd.	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	725,493	5,398	2.30	5,398
	Kaohsiung Tug and Port Service Corp.		Financial assets at FVTOCI - non-current	350,000	2,880	0.88	2,880

Note 1: For the information about subsidiaries, associates and joint ventures, refer to Table 5 and Table 7.

Note 2: All the marketable securities as shown above have not been pledged as collateral.

Note 3: All the highest number of share during the period as shown above are the same as those hold at end of the period.

(Concluded)

TABLE 3

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes Receivable (Payable)/Trade Receivables (Payables)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
Chia Hsin Cement Corporation	Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Purchases	\$ 544,950	52	60 days from the purchase day	N/A (equal to the price for other clients)	\$ (83,160)	(54)	

TABLE 4

CHIA Hsin CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Chia Hsin Cement Corporation	Chia Pei International Corporation	Subsidiary	\$ 1,320,310 (Notes 1 and 3)	-	\$ -	-	\$ -	-

Note 1: The amount is finance lease receivable from the sublease of the wharf in the Port of Taipei.

Note 2: The amount received in subsequent period as of March 9, 2023.

Note 3: The transaction has been eliminated through consolidation.

TABLE 5

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT
PORTFOLIO AS OF DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, or Otherwise Stated)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Number of Shares (In Thousands)	As of December 31, 2022		Net Income (Loss) of Investee	Share of Profit (Loss) of Investee	Remark
				December 31, 2022	December 31, 2021		%	Carrying Amount			
Chia Hsin Cement Corporation	Chia Hsin Construction & Development Corp.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Office buildings construction and lease and sale of public housing	\$ 656,292	\$ 656,292	31,458,920	46.18	\$ 1,717,897	\$	12,46	(Notes 4 and 5)
	Tong Yang Chia Hsin International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	General international trade (all business items that are not prohibited or restricted by law, except those that are subject to special approval)	1,600,159	1,600,159	257,073,050	87.18	5,536,493		46,445	Subsidiary (Note 3)
	Chia Hsin Property Management & Development Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Real estate rental and leasing; real estate management; realtor agent	1,000,000	1,000,000	100,000,000	100.00	3,498,936		120,130	Subsidiary (Note 3)
	Chia Hsin International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Wholesale and retail business of machinery, electrical and electronic equipment, building materials, non-metallic mineral products, and other machinery and equipment	120,000	120,000	15,560,000	100.00	195,509		(20,829)	Subsidiary (Note 3)
Chia Hsin Property Management & Development Corporation	BHS&C Co., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; real estate trading; real estate leasing	81,561	81,561	3,300,000	100.00	84,458		934	Subsidiary (Note 3)
	YI International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Real estate rental and leasing; real estate management; realtor agent	2,380,000	2,380,000	225,000,000	100.00	2,546,620		2	Subsidiary (Note 3)
	Jade Life Phase Management Corp., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Real estate rental and leasing; real estate management; realtor agent	400,000	400,000	40,000,000	100.00	125,330		(310,493)	Subsidiary (Note 3)
	L&L HOME HOTELS S.R.L.	Rome, Italy	Hotel management	NT\$ 33,024	NT\$ 33,024	-	40.00	33,024		(41,651)	Subsidiary (Note 3)
Chia Hsin Property Management & Development Corporation	L-Hold De Chine Corporation	11F, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Hotel and tourism	EUR 1,157,340	EUR 1,157,340	67,998,915	23.10	1,219,545		62,430	(Notes 4 and 5)
	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	69,341	69,341	5,800,000	19.53	11,483		(12,999)	Subsidiary (Note 3)
	Chin Sheng Construction Corp.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Wholesale and retail business of machinery; real estate; factory buildings and office buildings leasing and selling; PPE leasing and selling	250,000	250,000	23,000,000	100.00	260,212		10,063	Subsidiary (Note 3)
	Chung Neng Technology Co., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Energy technology service	5,000	-	500,000	100.00	4,990		(10)	Subsidiary (Note 3)
YI International Corporation	CHC Ryukyu Development GK	2-5-7 Matsun, Nishio-shi, Okinawa, Japan	Real estate rental and leasing; management consulting service	NT\$ 269,931	NT\$ 269,931	-	100.00	126,274		(4,213)	Subsidiary (Note 3)
	CHC Ryukyu COLLECTIVE KK	2-5-7 Matsun, Nishio-shi, Okinawa, Japan	Hotel management	NT\$ 1,948,968	NT\$ 1,948,968	-	100.00	349,529		(301,545)	Subsidiary (Note 3)
Chia Hsin Pacific Limited	Effervescence Investment Pte. Ltd.	Singapore	Investment and holding company	NT\$ 954,426	NT\$ 954,426	53,274,802	100.00	NT\$ 1,365,562	NT\$	(35,455)	Subsidiary (Note 3)
	Sportsview Pte. Ltd.	Singapore	Investment and holding company	NT\$ 3,010,000	NT\$ 3,010,000	3,793,330	100.00	NT\$ 1,791,117	NT\$	-1,140	Subsidiary (Note 3)
Tong Yang Chia Hsin International Corporation	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	NT\$ 82,209	NT\$ 82,209	5,832,524	20.18	NT\$ 1,179,117	NT\$	47,323	Subsidiary (Note 3)
	Tong Yang Chia Hsin Marine Corp.	Panama	Shipping service	US\$ 36,642	US\$ 36,642	6,052,636	100.00	US\$ 471,641	US\$	(2,623)	Subsidiary (Note 3)
Chia Hsin Pacific Limited	Chia Hsin Pacific Limited	Cayman Islands	Holding company	NT\$ 78,490	NT\$ 78,490	2,700,000	100.00	78,490		7,686	Subsidiary (Note 3)
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	US\$ 693,119	US\$ 693,119	6,327,179	24.18	792,770		667	Subsidiary (Note 3)

Note 1: For information on investments in mainland China, refer to Table 7.

Note 2: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NT dollar using the exchange rate as of December 31, 2022: US\$=NT\$30.710, JPY=NT\$30.324, EUR=NT\$32.72; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$=NT\$29.805, JPY=NT\$30.2275, EUR=NT\$31.860.

Note 3: The investment has been eliminated upon consolidation.

Note 4: Material associates.

Note 5: Book value and investment gains and losses include amortization of discounts and premiums.

Note 6: The highest number of shares held of each investee during the period is the same as those held at the end of period, and all the shares held are not pledged as collateral.

TABLE 6

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Accounts	Amount (Note 5)	Payment Terms	
0	Chia Hsin Cement Corporation	Chia Pei International Corporation	a.	Warehousing and storage service revenue	\$ 88,313	The fee is billed monthly and paid quarterly with receipts issued in the same month when the fee is billed.	3.92
		Chia Pei International Corporation	a.	Interest income from sublease	20,117		0.89
		Chia Pei International Corporation	a.	Finance lease receivable	1,320,310		3.63
		CHC Ryukyu Development GK	a.	Endorsement or guarantee	766,920		2.11
		CHC Ryukyu COLLECTIVE KK	a.	Endorsement or guarantee	1,525,955		4.19
		Chia Hsin Property Management & Development Corporation	a.	Investment accounted for using the equity method	125,000	Cash dividends	0.34
		Chia Hsin Property Management & Development Corporation	a.	Other receivables	31,446	Every May (Linked tax payment)	0.09
		Tong Yang Chia Hsin International Corporation	a.	Investment accounted for using the equity method	385,610	Cash dividends	1.06
1	Chia Pei International Corporation	Chia Hsin Cement Corporation	b.	Service revenue	14,991	Billed and paid quarterly	0.67
2	Tong Yang Chia Hsin International Corporation	Chia Hsin Cement Corporation	b.	Service revenue	59,974	The fee is billed monthly and collected in the next month.	2.66
		Chia Hsin Cement Corporation	b.	Dividend revenue	72,177	Cash dividends	3.20
3	Chia Hsin Property Management & Development Corporation	Chia Hsin Cement Corporation	b.	Endorsement or guarantee	6,440,000	Transaction fee arising from endorsement or guarantee	17.69
		Chia Hsin Cement Corporation	b.	Other income	18,842	Transaction fee arising from endorsement or guarantee	0.84
		Chia Hsin Cement Corporation	b.	Other receivables	19,785	Transaction fee arising from endorsement or guarantee	0.05
		Jahio Life Plus+ Management Corp., Ltd.	c.	Rental revenue	12,343		0.55
4	Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	c.	Investment accounted for using the equity method	57,323	Cash injection	0.16
5	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	c.	Investment accounted for using the equity method	35,276	Cash injection	0.10
		Jiapeng Gemcare Maternity (Suzhou) Co., Ltd.	c.	Investment accounted for using the equity method	22,047	Cash injection	0.06
		Jiapeng Gemcare Maternity (Suzhou) Co., Ltd.	c.	Investment accounted for using the equity method	14,149	Cash return on capital due to liquidation	0.04

(Continued)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details		
				Financial Statement Accounts	Amount (Note 5)	Payment Terms
6	Tong Yang Chia Hsin Marine Corp.	Jiangsu Jiaguo Construction Material Storage Co., Ltd.	c.	Investment accounted for using the equity method	\$ 282,532	Capital reduction
7	Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Jiangsu Chia Hsin Real Estate Co., Ltd.	c.	Investment accounted for using the equity method	44,094	Capital reduction

Transactions with amount above \$10 million are listed in this table.

Note 1: The Company and the subsidiaries listed on the table are coded according to the following rules:

- The Company is coded "0".
- The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The three types of relationships are as follows:

- The parent company to the subsidiary;
- The subsidiary to the parent company;
- The subsidiary to the subsidiary.

Note 3: For the calculation of percentage, percentage for balance sheet items is calculated by dividing the year-end balance with consolidated assets. Percentage for income items is calculated by dividing the accumulated sum with total operating income for the year.

Note 4: The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2022: US\$1=NT\$31.710, JPY1=NT\$0.2324, RMB1=NT\$4.409445; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=NT\$29.805, JPY1= NT\$0.2275, RMB1=NT\$4.434741.

Note 5: The transaction has been eliminated through consolidation.

(Concluded)

TABLE 7

CHIA HSIN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)

a. 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, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1 (a))	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (Note 1 (a))	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 1 (a))	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 (a), and Note 6)	Carrying Amount as of December 31, 2022 (Note 1 (a))	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward (Note 1 (a))	Inward (Note 1 (a))							
Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products	\$ 259,807 (US\$ 8,460)	b. and c.	\$ 390,693 (US\$ 12,722)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 390,693 (US\$ 12,722)	\$ 7,433 (US\$ 249)	95.23	\$ 7,433 (US\$ 249)	\$ 536,490 (US\$ 17,470)	\$ - (US\$ -)	(Note 1 (b), (2) and Note 5)
Shanghai Chia Hsin Ganghai Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement	322,455 (US\$ 10,500)	b.	493,387 (US\$ 16,066)	- (US\$ -)	- (US\$ -)	493,387 (US\$ 16,066)	7,768 (US\$ 261)	95.23	7,768 (US\$ 261)	398,686 (US\$ 12,982)	- (US\$ -)	(Note 1 (b), (2) and Note 5)
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose	531,590 (US\$ 17,310)	b.	813,723 (US\$ 26,497)	- (US\$ -)	- (US\$ -)	813,723 (US\$ 26,497)	(43,899) (US\$ -1,473)	95.23	(43,234) (US\$ -1,451)	457,563 (US\$ 14,899)	- (US\$ -)	(Note 1 (b), (2) and Note 5)
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Consulting for management of healthcare and hospitality business	313,071 (RMB 71,000)	e. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(43,279) (RMB -9,759)	95.23	(43,279) (RMB -9,759)	154,360 (RMB 35,007)	- (US\$ -)	(Note 1 (b), (2) and Note 5)
Jiapeng Genecare Maternity (Yangzhou) Co., Ltd.	Maternity and infant health care; sales of mother & baby supplies; life & beauty services	220,472 (RMB 50,000)	e. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(28,335) (RMB -6,389)	95.23	(28,335) (RMB -6,389)	137,102 (RMB 31,093)	- (US\$ -)	(Note 1 (b), (2) and Note 5)
Jiapeng Genecare Maternity (Suzhou) Co., Ltd. (Note 6)	Maternity and infant health care; sales of mother & baby supplies; life & beauty services	- (RMB -)	e. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(11,760) (RMB -2,652)	-	(11,760) (RMB -2,652)	- (US\$ -)	- (US\$ -)	(Note 1 (b), (2) and Note 5)
Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material	122,840 (US\$ 4,000)	d.	425,241 (US\$ 13,847)	- (US\$ -)	- (US\$ -)	425,241 (US\$ 13,847)	3,790 (US\$ 127)	87.18	3,790 (US\$ 127)	177,976 (US\$ 5,795)	- (US\$ -)	(Note 1 (b), (2) and Note 5)
Jiangsu Chia Hsin Real Estate Co., Ltd.	Developing and operating real estate and providing property management service	44,094 (RMB 10,000)	e. Investor: Jiangsu Jiaguo Construction Material Storage Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(299) (RMB -67)	87.18	(299) (RMB -67)	51,146 (RMB 11,599)	- (US\$ -)	(Note 1 (b), (2) and Note 5)

(Continued)

b. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Notes 3 and 4)
\$ 7,053,104 (US\$ 229,668)	\$ 7,128,528 (US\$ 232,124)	\$ 13,199,656

c. Significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area: None.

Note 1: a. The balance sheet items denominated in foreign currencies are translated into NT dollar using the exchange rate as of December 31, 2022: US\$1=\$30.710, RMB1=\$4.409445; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=\$29.805, RMB1=\$4.434741.

b. The basis for investment income (loss) recognition includes the following:

- 1) The investment income (loss) is recognized based on the financial statements audited and attested by an international accounting firm which has cooperative relationship with an accounting firm in the ROC.
- 2) The investment income (loss) is recognized based on the financial statements audited and attested by the parent company's CPA in the ROC.
- 3) Other

Note 2: The method of investment includes the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invests in Effervesce Investment Pte. Ltd., the company that invests in mainland China.
- c. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invests in Sparksview Pte. Ltd., the company that invests in mainland China.
- d. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Tong Yang Chia Hsin Marine Corp., which then invests in mainland China.
- e. Other method.

Note 3: Calculated by the 60% of consolidated net worth of Chia Hsin Cement Corporation according to the letter NO. 09704604680 issued by Ministry of Economic Affairs.

Note 4: The Company conducted a stock-for-stock transaction with Taiwan Cement Corporation to get rid of the investment via TCC International Holdings Ltd. in mainland China. The result of the stock-for-stock transaction will be a decrease in investment in mainland China. On May 17, 2018, the aforementioned write-off of the amount and the ratio of investment was approved by the Investment Commission, Ministry of Economic Affairs.

Note 5: The transaction has been eliminated upon consolidation.

Note 6: Including the gains and losses recognized by using the equity method and the gains and losses on internal unrealized transactions.

Note 7: The liquidation of the Company was resolved by the board of directors on June 20, 2022. The cancellation of registration was completed on September 19, 2022.

Note 8: Expected for Japeng Gemcare Maternity (Suzhou) Co., Ltd. Of which the highest number of shares is RMB15,000 thousand during the period, the highest number of Shares held of each investee during the period was the same as the those held at the end of the period and all the Shares held are not pledged as collateral.

(Concluded)

TABLE 8**CHIA HSIN CEMENT CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tong Yang Chia Hsin International Corporation	127,370,320	16.43
Sung Ju Investment Corp.	68,780,239	8.87
Yung-Ping Chang	41,748,178	5.38

Note: The information of major shareholders comes from the summary of shareholders holding more than 5% of total ordinary and special shares registered as dematerialized security (including treasury shares) in the centralized securities depository enterprise as of the last business day of the reporting period. Based on different calculation method, the number of shares recorded in the consolidated financial statements could be different from that registered as dematerialized security.

6.5 Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chia Hsin Cement Corporation

Opinion

We have audited the accompanying financial statements of Chia Hsin Cement Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its 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 Auditing and Attestation of Financial Statements by 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 Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Impairment of Investment in Subsidiaries Accounted for Using the Equity Method

As of December 31, 2022, the net carrying amount of property, plant and equipment of CHC Ryukyu COLLECTIVE KK was NT\$3,832,598 thousand, which was material to the financial statements. Due to the impact of COVID-19 on the overall economic trend of the industry, the actual operating performance was lower than expected, which in turn affected the management's assessment of the impairment of property, plant, and equipment. Since the information used in the assessment was subject to management's judgment and involved high uncertainty, it will affect the Company's recognition of the share of investment accounted for using the equity method; therefore, we identified the impairment of property, plant and equipment of the investment in subsidiaries accounted for using the equity method as a key audit matter.

Our key audit procedures performed in respect of the above area included the following:

We obtained from the management an impairment assessment report issued by an external expert, and we performed the following key audit procedures in connection with the above major transactions:

1. We obtained an understanding of the management's basis of assumptions and sources of relevant data and description used to estimate the value in use of the assets. We also assessed the reasonableness of management's adoption of such assumptions and data.
2. We assessed the appropriateness of the discount rates used by external specialists in their valuation reports.
3. We recalculated the value in use of the assets and verified that the calculation in the valuation report was accurate.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the 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 financial statements for the year ended December 31, 2022 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 Chiang Hsun Chen and Sheng Tai Liang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 9, 2023

Notice to Readers

The accompanying 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 financial statements are those generally applied in the Republic of China.

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

CHIA HSIN CEMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,445,328	5	\$ 1,039,240	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	814,418	3	702,571	2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	1,146,083	4	1,424,469	5
Financial assets at amortized cost - current (Notes 4 and 9)	347,231	1	887,458	3
Notes receivable from unrelated parties (Notes 4, 10 and 25)	141,265	-	136,134	1
Trade receivables from unrelated parties (Notes 4, 10 and 25)	28,010	-	20,536	-
Trade receivables from related parties (Notes 4, 25 and 33)	9,637	-	16,795	-
Finance lease receivables - current (Notes 4, 12 and 33)	73,719	-	58,825	-
Other receivables from unrelated parties (Notes 4 and 11)	3,399	-	585	-
Other receivables from related parties (Notes 4 and 33)	36,240	-	43,974	-
Current tax assets	624	-	395	-
Inventories (Notes 4 and 13)	154,220	1	47,024	-
Prepayments (Note 19)	2,392	-	45,472	-
Total current assets	4,202,566	14	4,423,478	14
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	7,295,724	25	9,253,483	28
Financial assets at amortized cost - non-current (Notes 4, 9 and 34)	9,476	-	9,476	-
Investments accounted for using the equity method (Notes 4, 14 and 33)	15,247,296	53	16,602,015	50
Property, plant and equipment (Notes 4, 5 and 15)	622,127	2	724,113	2
Right-of-use assets (Notes 4 and 16)	5,784	-	10,289	-
Investment properties (Notes 4 and 17)	265,186	1	266,420	1
Intangible assets (Notes 4 and 18)	1,534	-	169	-
Deferred tax assets (Notes 4 and 27)	184,091	1	242,361	1
Refundable deposits (Notes 4 and 19)	7,006	-	7,006	-
Finance lease receivables - non-current (Notes 4, 12 and 33)	1,246,591	4	1,226,741	4
Net defined benefit assets - non-current (Notes 4 and 23)	842	-	-	-
Other non-current assets (Note 19)	87	-	1,859	-
Total non-current assets	24,885,744	86	28,343,932	86
TOTAL	\$ 29,088,310	100	\$ 32,767,410	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 20 and 34)	\$ 1,340,000	5	\$ 804,000	3
Short-term bills payable (Notes 4 and 20)	127,614	1	134,842	1
Contract liabilities (Notes 4 and 25)	12,753	-	12,278	-
Notes payable to unrelated parties (Note 21)	1,907	-	3,351	-
Trade payables to unrelated parties (Note 21)	64,037	-	91,987	-
Trade payables to related parties (Note 33)	89,022	-	129,596	-
Other payables to unrelated parties (Note 22)	27,294	-	49,643	-
Other payables to related parties (Note 33)	19,818	-	20,899	-
Current tax liabilities (Notes 4 and 27)	-	-	25,084	-
Lease liabilities - current (Notes 4 and 16)	77,999	-	63,370	-
Current portion of long-term borrowings (Notes 4, 20 and 34)	577,500	2	577,500	2
Guarantee deposits - current	540	-	2,660	-
Total current liabilities	2,338,484	8	1,915,210	6
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 20 and 34)	3,888,750	14	4,266,250	13
Deferred tax liabilities (Notes 4 and 27)	304,447	1	296,290	1
Lease liabilities - non-current (Notes 4 and 16)	1,248,248	4	1,232,677	4
Net defined benefit liabilities - non-current (Notes 4 and 23)	-	-	10,528	-
Guarantee deposits - non-current	22,386	-	21,087	-
Total non-current liabilities	5,463,831	19	5,826,832	18
Total liabilities	7,802,315	27	7,742,042	24
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital				
Ordinary shares	7,747,805	27	7,747,805	24
Capital surplus	1,238,426	4	1,139,296	3
Retained earnings				
Legal reserve	2,571,235	9	2,503,173	7
Special reserve	2,257,996	8	2,257,996	7
Unappropriated earnings	5,737,233	19	6,475,930	20
Total retained earnings	10,566,464	36	11,237,099	34
Other equity	2,811,250	10	5,979,118	18
Treasury shares	(1,077,950)	(4)	(1,077,950)	(3)
Total equity attributable to owners of the Company	21,285,995	73	25,025,368	76
Total equity	21,285,995	73	25,025,368	76
TOTAL	\$ 29,088,310	100	\$ 32,767,410	100

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

CHIA HSIN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)				
Sales	\$ 986,402	84	\$ 1,062,850	85
Rental revenue	4,730	-	4,695	-
Service revenue	33,896	3	22,174	2
Other operating revenue	<u>151,322</u>	<u>13</u>	<u>159,212</u>	<u>13</u>
Total operating revenue	<u>1,176,350</u>	<u>100</u>	<u>1,248,931</u>	<u>100</u>
OPERATING COSTS (Notes 13, 26 and 33)				
Cost of goods sold	(987,044)	(84)	(1,073,360)	(86)
Rental costs	(1,746)	-	(1,684)	-
Service costs	(29,758)	(3)	(20,180)	(2)
Other operating costs	<u>(133,202)</u>	<u>(11)</u>	<u>(138,140)</u>	<u>(11)</u>
Total operating costs	<u>(1,151,750)</u>	<u>(98)</u>	<u>(1,233,364)</u>	<u>(99)</u>
GROSS PROFIT	24,600	2	15,567	1
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(1,100)	-	(72)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>895</u>	<u>-</u>	<u>895</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>24,395</u>	<u>2</u>	<u>16,390</u>	<u>1</u>
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing expenses	(11,417)	(1)	(11,753)	(1)
General and administrative expenses	(174,713)	(15)	(226,728)	(18)
Expected credit gain (loss) (Note 10)	<u>(128)</u>	<u>-</u>	<u>231</u>	<u>-</u>
Total operating expenses	<u>(186,258)</u>	<u>(16)</u>	<u>(238,250)</u>	<u>(19)</u>
LOSS FROM OPERATIONS	<u>(161,863)</u>	<u>(14)</u>	<u>(221,860)</u>	<u>(18)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 26 and 33)				
Interest income	34,026	3	23,187	2
Other income	268,635	23	785,507	63
Other gains and losses	(70,310)	(6)	(88,705)	(7)

(Continued)

CHIA HSIN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Finance costs	\$ (102,470)	(9)	\$ (89,277)	(7)
Share of profit or loss of subsidiary, associates and joint ventures	<u>(154,239)</u>	<u>(13)</u>	<u>265,777</u>	<u>21</u>
Total non-operating income and expenses	<u>(24,358)</u>	<u>(2)</u>	<u>896,489</u>	<u>72</u>
PROFIT BEFORE (LOSS) INCOME TAX FROM CONTINUING OPERATIONS	(186,221)	(16)	674,629	54
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 27)	<u>5,459</u>	<u>-</u>	<u>(16,781)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(180,762)</u>	<u>(16)</u>	<u>657,848</u>	<u>53</u>
OTHER COMPREHENSIVE INCOME (Notes 4, 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	11,206	1	5,730	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(2,327,630)	(198)	992,174	79
Share of the other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method	(987,915)	(84)	444,219	36
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(2,241)</u>	<u>-</u>	<u>(1,146)</u>	<u>-</u>
	<u>(3,306,580)</u>	<u>(281)</u>	<u>1,440,977</u>	<u>115</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	165,564	14	(306,820)	(25)
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	23,830	2	(188,194)	(15)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(37,880)</u>	<u>(3)</u>	<u>99,003</u>	<u>8</u>
	<u>151,514</u>	<u>13</u>	<u>(396,011)</u>	<u>(32)</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(3,155,066)</u>	<u>(268)</u>	<u>1,044,966</u>	<u>83</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (3,335,828)</u>	<u>(284)</u>	<u>\$ 1,702,814</u>	<u>136</u>

(Continued)

CHIA HSIN CEMENT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
(LOSS) EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ (0.28)</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ (0.28)</u>		<u>\$ 1.02</u>	

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

(Concluded)

CHIA HSIN CEMENT CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2021	\$ 7,747,805	\$ 960,402	\$ 2,319,663	\$ 2,275,704	\$ 7,058,382	\$ (404,225)	\$ 5,343,439	\$ (1,119,023)	\$ 24,182,147
Appropriation of 2020 earnings (Note 24)	-	-	183,510	-	(183,510)	-	-	-	-
Legal reserve	-	-	-	-	(1,079,560)	-	-	-	(1,079,560)
Cash dividends	-	-	-	(17,708)	17,708	-	-	-	-
Reverse of special reserve	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using the equity method (Note 24)	-	8,406	-	-	-	-	-	-	8,406
Unclaimed dividends extinguished by prescription (Note 24)	-	146	-	-	-	-	-	-	146
Proceeds from reissuance of treasury shares (Notes 24 and 29)	-	(96)	-	-	-	-	-	41,073	40,977
Net profit for the year ended December 31, 2021	-	-	-	-	657,848	-	-	-	657,848
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	5,062	(396,011)	1,435,915	-	1,044,966
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	662,910	(396,011)	1,435,915	-	1,702,814
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24)	-	155,010	-	-	-	-	-	-	155,010
Share-based payment (Notes 24 and 29)	-	15,428	-	-	-	-	-	-	15,428
BALANCE, DECEMBER 31, 2021	7,747,805	1,139,296	2,503,173	2,257,996	6,475,930	(800,236)	6,779,354	(1,077,950)	25,025,368
Appropriation of 2021 earnings (Note 24)	-	-	68,062	-	(68,062)	-	-	-	-
Legal reserve	-	-	-	-	(502,675)	-	-	-	(502,675)
Cash dividends	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using the equity method (Note 24)	-	26,355	-	-	-	-	-	-	26,355
Unclaimed dividends extinguished by prescription (Note 24)	-	598	-	-	-	-	-	-	598
Net loss for the year ended December 31, 2022	-	-	-	-	(180,762)	-	-	-	(180,762)
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,802	151,514	(3,319,382)	-	(3,155,066)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(167,960)	151,514	(3,319,382)	-	(3,335,828)
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24)	-	72,177	-	-	-	-	-	-	72,177
BALANCE, DECEMBER 31, 2022	\$ 7,747,805	\$ 1,238,426	\$ 2,571,235	\$ 2,257,996	\$ 5,757,233	\$ (648,722)	\$ 3,459,972	\$ (1,077,950)	\$ 21,285,595

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

CHIA HSIN CEMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (186,221)	\$ 674,629
Adjustments for:		
Depreciation expenses	108,629	109,860
Amortization expenses	243	15
Expected credit loss (gain)	128	(231)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	120,353	(36,661)
Finance costs	102,470	89,277
Interest income	(34,026)	(23,187)
Dividend income	(235,473)	(747,616)
Compensation costs arising from share-based payment	-	15,428
Share of loss (profit) of subsidiaries, associates and joint ventures	154,239	(265,777)
Gain on disposal of property, plant and equipment	-	(29)
Write-down of inventories	3,587	-
Unrealized gain on transactions with subsidiaries, associates and joint ventures	1,100	72
Realized gain on transactions with subsidiaries, associates and joint ventures	(895)	(895)
Net (gain) loss on foreign currency exchange	(67,393)	106,243
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	(190,680)	(194,128)
Notes receivable from unrelated parties	(5,183)	9,506
Trade receivables from unrelated parties	(7,550)	13,599
Trade receivables from related parties	7,158	(4,915)
Other receivables from unrelated parties	(11)	11
Other receivables from related parties	3,668	57
Inventories	(110,783)	5,824
Prepayments	1,560	(42,270)
Contract liabilities	475	7,354
Notes payable to unrelated parties	(1,444)	340
Trade payables to unrelated parties	(27,950)	42,349
Trade payables to related parties	(40,574)	49,981
Other payables to unrelated parties	(23,192)	(19,553)
Other payables to related parties	(1,081)	1,319
Net defined benefit liabilities	(164)	(8)
Cash used in operations	(429,010)	(209,406)
Interest paid	(101,855)	(90,064)
Income tax refunds (paid)	10,518	(2,961)
Net cash used in operating activities	(520,347)	(302,431)

(Continued)

CHIA HSIN CEMENT CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (91,485)	\$ (90,000)
Proceeds from sale of financial assets at amortized cost	540,227	290,208
Acquisition of investments accounted for using the equity method	(48,698)	(50,000)
Payments for property, plant and equipment	(904)	(7,725)
Proceeds from disposal of property, plant and equipment	-	29
Decrease in other receivables from related parties	-	20,575
Payments for intangible assets	(1,608)	(184)
Decrease in finance lease receivables	36,925	41,039
Decrease in other non-current assets	1,772	151
Interest received	31,223	25,134
Dividends received from subsidiaries, associates and joint ventures	548,984	2,036,756
Other dividends received	<u>235,473</u>	<u>747,616</u>
Net cash generated from investing activities	<u>1,251,909</u>	<u>3,013,599</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	536,000	-
Repayments of short-term borrowings	-	(615,000)
Repayment of short-term bills payable	(7,000)	(2,000)
Repayments of long-term loans	(377,500)	(457,500)
Refund of guarantee deposits received	(821)	(823)
Repayment of the principal portion of lease liabilities	(41,469)	(45,515)
Cash dividends paid	(502,675)	(1,079,560)
Proceeds from reissuance of treasury shares	-	40,977
Return of unclaimed dividends extinguished by prescription	<u>598</u>	<u>146</u>
Net cash used in financing activities	<u>(392,867)</u>	<u>(2,159,275)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>67,393</u>	<u>(106,244)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	406,088	445,649
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,039,240</u>	<u>593,591</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,445,328</u>	<u>\$ 1,039,240</u>

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

(Concluded)

CHIA HSIN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

1. GENERAL INFORMATION

Chia Hsin Cement Corporation (the “Company”) was incorporated in the Republic of China (ROC) with capital of \$24,000 thousand in December 1954. Over the years, the Company has increased its capital through capital contributions in cash, undistributed earnings, and asset revaluation increments. As of December 31, 2022, the Company has authorized capital of \$15,000,000 thousand and paid-in capital of \$7,747,805 thousand. The Company’s business activities include cement manufacturing, wholesale of building materials, retail sale of building materials, non-metallic mining, mixed-concrete products manufacturing, international trade, construction and development of residences and buildings, lease, construction and development of industrial factory buildings, real estate commerce, real estate rental and leasing, reconstruction within the renewal area and warehousing and storage.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1969.

The financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 9, 2023.

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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs issued but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
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

Note 1: Unless stated otherwise, the above new IFRSs 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.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 financial statements shall prevail.

- a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuer.

- b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities (assets) 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 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 parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current 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 financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company'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 period in which they arise.

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 period 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.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is included in the calculation of equity transactions, but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials and finished goods 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 Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of the equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business 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 Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and is neither a subsidiary. The Company 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 Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company'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 Company'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 Company 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 Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company'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.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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 not allocated to any asset, including goodwill, that forms part of 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.

The Company 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 and attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company 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.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate of parties that are not related to the Company.

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.

Except for freehold land which is not depreciated, 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 or for capital appreciation. 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 and accumulated impairment loss.

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.

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 and accumulated impairment loss. 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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. Impairment of property, plant and equipment, right-of-use asset, investment properties, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

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, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties, time deposits with original maturities over 3 months, and refundable deposits 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 assets, 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.

Cash equivalents include 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 Company 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 Company'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

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost and finance lease receivables.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and finance lease receivables. For all other financial instruments, the Company 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 Company 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 Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 365 days past due unless the Company 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 directly or by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company 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 in its entirety, 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) 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.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of cement; sales of cement are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The advance receipts before the delivery of goods are recognized as contract liabilities and reclassified to revenue after the goods are transferred to customers.

2) Revenue from the rendering of services

The revenue from rendering of services is recognized over time with reference to the progress of the fulfillment of contracts or recognized on the date the service is provided.

3) Other income

The Company operates cement silo and other storage and transport facilities in wharves to provide warehousing and storage services. The fee is calculated based on the actual number of goods delivered and the price agreed in the signed contracts.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company 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.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases. For a lease modification that is not accounted for as a separate lease, if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company accounts for the lease modification as a new lease and measures the carrying amount of the underlying asset as the finance lease receivables immediately before the effective date of the lease modification. Other lease modifications are accounted for by adjusting the finance lease receivables in accordance with IFRS 9.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

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

When a lease includes both land and building elements, the Company 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 Company as lessee

The Company 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 comprise the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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, 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 Company 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. Lease liabilities are presented on a separate line in the balance sheets.

o. 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. 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. Service cost (including 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. 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 (assets) represent the actual deficit (surplus) in the Company's 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.

q. Share-based payment arrangements

Equity-settled share-based payment arrangements granted to employees

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

r. 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 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 and unused loss carryforwards 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 and interests in joint ventures, except where the Company 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 Company 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 for the year

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.

4) The linked-tax system

The Company files joint income tax returns with Chia Hsin Property Management & Development Corporation. The differences between the tax expense and deferred tax liabilities and assets of the Company as a separate entity and of the Company and its qualified subsidiaries as a joint entity are adjusted on the Company; the related amounts are recognized as current tax assets or current tax liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities 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.

The Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of property, plant and equipment and investment property

Impairment of property, plant and equipment and investment property is including evaluated based on the recoverable amount of assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses. Furthermore, the estimates of the cash flow projections, growth rate and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on the impact arising from potential disruptions of Company's operations and volatility in financial markets due to the evolution of military conflict between Russia and Ukraine and COVID-19 pandemic.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 421	\$ 579
Checking accounts and demand deposits	826,686	899,900
Cash equivalents		
Time deposits with original maturities of 3 months or less	608,234	111,073
Commercial paper	9,987	-
Repurchase agreements collateralized by bonds	-	27,688
	<u>\$ 1,445,328</u>	<u>\$ 1,039,240</u>

The market rate intervals of cash in the bank, commercial papers and repurchase agreements collateralized by bonds at the end of the year were as follows:

	December 31	
	2022	2021
Cash in the Bank	0.001%-1.05%	0.001%-0.38%
Commercial paper	0.85%	-
Repurchase agreements collateralized by bonds	-	0.33%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
Financial assets mandatorily classified as at fair value through profit or loss (FVTPL) - current		
Non-derivative financial assets		
Domestic listed shares	\$ 286,492	\$ 371,538
Overseas listed shares	39,077	50,340
Overseas mutual funds - beneficiary certificates	488,849	280,693
	<u>\$ 814,418</u>	<u>\$ 702,571</u>

As of December 31, 2022, the Company held 239,629,776 shares of Taiwan Cement Corporation accounted for as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at carrying amount of \$286,489 thousand and \$7,777,054 thousand, respectively. Information for other price risk and sensitivity analysis is provided in Note 32.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ <u>1,146,083</u>	\$ <u>1,424,469</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 6,836,905	\$ 8,866,481
Unlisted shares	<u>458,819</u>	<u>387,002</u>
	<u>\$ 7,295,724</u>	<u>\$ 9,253,483</u>

These investments in equity instruments are held for medium- to long-term strategic purposes, and expected to render long-term paybacks. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The Company purchased ordinary shares of Gping Wellness Co., Ltd. and preference shares B of Smart Ageing Tech Co., Ltd. with the amount of \$91,485 thousand in January 2022 and \$90,000 thousand in July 2021, respectively. The investment is held for medium- to long-term strategic purposes. Accordingly, the management designated these investments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ <u>347,231</u>	\$ <u>887,458</u>
<u>Non-current</u>		
Restricted deposits	\$ <u>9,476</u>	\$ <u>9,476</u>
<u>Interest rate range</u>		
Time deposits with original maturities of more than 3 months	2.90%-5.00%	0.12%-0.30%
Restricted deposits	0.795%-1.44%	0.52%-0.815%

- a. The Company has tasked its credit management committee to develop a credit risk grading framework to determine whether the credit risk of the financial assets at amortized cost increases significantly since the initial recognition to the reporting date as well as to measure the expected credit losses. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors. In the consideration of an analysis of the debtor's current financial position and the forecasted direction of economic conditions in the industry, the Company forecasts both 12-month expected credit losses or lifetime expected credit losses of financial assets at amortized cost. As of December 31, 2022 and 2021, the Company assessed the expected credit loss rate as 0%.
- b. Refer to Note 34 for the carrying amounts of financial assets pledged by the Company to secure obligations.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 142,692	\$ 137,509
Less: Allowance for impairment loss	<u>(1,427)</u>	<u>(1,375)</u>
	<u>\$ 141,265</u>	<u>\$ 136,134</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 28,293	\$ 20,743
Less: Allowance for impairment loss	<u>(283)</u>	<u>(207)</u>
	<u>\$ 28,010</u>	<u>\$ 20,536</u>

Notes Receivable

The average number of days of cashing the notes is 30 to 90 days. In order to mitigate credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, the Company reviews the recoverable amount of each individual notes receivable at the end of the year to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivable are estimated by reference to the past default experience of the debtor, an analysis of the debtor's current financial position, and economic conditions.

Trade Receivables

The average credit period of the sales of goods was 60 to 90 days, and no interest was charged on overdue trade receivables. In determining the recoverability of the trade receivables, the Company considered any change in the credit quality of the trade receivables since the date credit was initially granted to the end of the reporting period. From historical experience, most of the receivables were recovered.

Before accepting new customers, the Company assesses that the credit quality of the potential customer complied with the administration regulations of customer credit, and set up the credits limit for each customer. The credit rating of customers would then be assessed by the supervisors and given an ultimate credit limit.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the debtors, the debtors' current financial position, economic conditions of the industry in which the debtors operate, as well as an assessment of both the current and the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over one year past due. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. When recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables (including receivables from related parties) based on the Company's provision matrix:

December 31, 2022

	Not Overdue	Overdue within 90 Days	Overdue 91-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0%-1%	-	-	100%	
Gross carrying amount	\$ 180,622	\$ -	\$ -	\$ -	\$ 180,622
Loss allowance (Lifetime ECLs)	<u>(1,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,710)</u>
Amortized cost	<u>\$ 178,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,912</u>

December 31, 2021

	Not Overdue	Overdue within 90 Days	Overdue 91-360 Days	Overdue 1 Year or More	Total
Expected credit loss rate	0%-1%	-	-	100%	
Gross carrying amount	\$ 175,047	\$ -	\$ -	\$ -	\$ 175,047
Loss allowance (Lifetime ECLs)	<u>(1,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,582)</u>
Amortized cost	<u>\$ 173,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,465</u>

The movements of the loss allowance of receivables (including receivables from related parties) were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 1,582	\$ 1,813
Add: Net remeasurement of loss allowance	128	-
Less: Net remeasurement of loss allowance reversed	<u>-</u>	<u>(231)</u>
Balance at December 31	<u>\$ 1,710</u>	<u>\$ 1,582</u>

11. OTHER RECEIVABLES

	December 31	
	2022	2021
Interest receivable	\$ 3,276	\$ 473
Others	<u>123</u>	<u>112</u>
	<u>\$ 3,399</u>	<u>\$ 585</u>

Other receivables were mainly interest receivable. The Company only transacts with counterparties who have good credit ratings. The Company continues to monitor the conditions of the receivables and refers to the past default experience of the debtor and the analysis of the debtor's current financial position in determining whether the credit risk of the other receivables increased significantly since the initial recognition as well as in measuring the ECLs. As of December 31, 2022 and 2021, the Company assessed the expected credit loss rate of other receivables as 0%.

12. FINANCE LEASE RECEIVABLES

	December 31	
	2022	2021
<u>Undiscounted lease payments</u>		
Year 1	\$ 93,626	\$ 78,400
Year 2	68,636	65,003
Year 3	68,636	65,003
Year 4	68,636	65,003
Year 5	68,636	65,003
Year 6 onwards	<u>1,190,749</u>	<u>1,192,700</u>
	1,558,919	1,531,112
Less: Unearned finance income	<u>(238,609)</u>	<u>(245,546)</u>
Lease payments receivable	<u>1,320,310</u>	<u>1,285,566</u>
Net investment in leases presented as finance lease receivables	<u>\$ 1,320,310</u>	<u>\$ 1,285,566</u>
<u>Lease payments receivable</u>		
Not more than 1 year	\$ 73,719	\$ 58,825
More than 1 year but not more than 5 years	202,783	189,047
More than 5 years	<u>1,043,808</u>	<u>1,037,694</u>
	<u>\$ 1,320,310</u>	<u>\$ 1,285,566</u>

Since December 2009, the Company has been subleasing the land, facilities and equipment located in the Taipei Port Container Terminal to its subsidiary - Chia Pei International Corporation. Since all the remaining terms of the main lease has been subleased, the sublease contract is classified as a finance lease.

The interest rates inherent in the leases are fixed at the contract dates for the entire term of the lease. As of December 31, 2022 and 2021, the interest rate inherent in the finance leases were approximately 1.58% per annum.

To reduce the residual asset risk related to the leased land and machineries and equipment at the end of the relevant lease, the lease contract includes general risk management strategy.

The Company measures the loss allowance for finance lease receivables at an amount equal to lifetime ECLs. As of December 31, 2022, no finance lease receivable were past due. The Company has not recognized a loss allowance for finance lease receivables after taking into consideration the historical default experience and the future prospects of the industries in which the lessee operates, together with the value of collateral held over these finance lease receivables.

13. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 153,360	\$ 46,049
Raw materials	<u>860</u>	<u>975</u>
	<u>\$ 154,220</u>	<u>\$ 47,024</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 983,457	\$ 1,073,060
Inventory write-downs	<u>3,587</u>	<u>-</u>
	<u>\$ 987,044</u>	<u>\$ 1,073,060</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 11,828,467	\$ 13,291,943
Investments in associates	<u>3,418,829</u>	<u>3,310,072</u>
	<u>\$ 15,247,296</u>	<u>\$ 16,602,015</u>

a. Investments in subsidiaries

	December 31	
	2022	2021
Unlisted companies		
Tong Yang Chia Hsin International Corporation	\$ 5,536,493	\$ 6,725,581
Chia Hsin Property Management & Development Corporation	3,958,936	3,963,806
Jaho Life Plus+ Management Corp., Ltd.	125,330	188,142
Chia Pei International Corporation	199,509	220,413
YJ International Corporation	548,620	886,562
BlueSky. Co., Ltd.	84,458	84,072
Chia Hsin Pacific Limited	<u>2,430,831</u>	<u>2,279,077</u>
	12,884,177	14,347,653
Less: Reclassified to treasury stocks (Note 24)	<u>(1,055,710)</u>	<u>(1,055,710)</u>
	<u>\$ 11,828,467</u>	<u>\$ 13,291,943</u>
	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
Tong Yang Chia Hsin International Corporation	87.18%	87.18%
Chia Hsin Property Management & Development Corporation	100.00%	100.00%
Jaho Life Plus+ Management Corp., Ltd.	100.00%	100.00%
Chia Pei International Corporation	100.00%	100.00%
YJ International Corporation	100.00%	100.00%
BlueSky. Co., Ltd.	100.00%	100.00%
Chia Hsin Pacific Limited	74.16%	74.16%

Note 1: The Company received \$511,233 thousand and \$2,021,027 thousand of cash dividends from its subsidiaries in 2022 and 2021, respectively.

Note 2: The Company's cash dividend to subsidiaries in 2022 and 2021 was written off against investments in subsidiaries, associates and joint ventures accounted for using the equity method, and adjusted the carrying amount of capital surplus - treasury share of \$72,177 thousand and \$155,010 thousand, respectively.

Note 3: For the years ended December 31, 2022 and 2021, the amounts recognized in share of profit or loss of subsidiaries accounted for using the equity method and share of the other comprehensive income of subsidiaries accounted for using the equity method were based on the audited financial statements.

b. Investments in associates

	December 31	
	2022	2021
Material associates		
LDC ROME HOTELS S.R.L.	\$ 337,024	\$ 289,131
L'Hotel De Chine Corporation	1,219,545	1,032,448
Chia Hsin Construction & Development Corp.	<u>1,747,897</u>	<u>1,870,402</u>
	3,304,466	3,191,981
Associates that are not individually material	<u>114,363</u>	<u>118,091</u>
	<u>\$ 3,418,829</u>	<u>\$ 3,310,072</u>

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	2021
LDC ROME HOTELS S.R.L.	40.00%	40.00%
Chia Hsin Construction & Development Corp. (Note)	46.18%	43.87%
L'Hotel De Chine Corporation	23.10%	23.10%

Note: Chia Hsin Construction & Development Corp repurchased 3,585 thousand shares in February 2022, increasing the Company's shareholding ratio from 43.87% to 46.18%.

Refer to Note 38, Table 5 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

All the associates were accounted for using the equity method.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

LDC ROME HOTELS S.R.L.

	December 31	
	2022	2021
Current assets	\$ 391,523	\$ 200,036
Non-current assets	1,541,023	1,560,215
Current liabilities	(178,392)	(134,259)
Non-current liabilities	(911,593)	(903,164)
Equity	<u>\$ 842,561</u>	<u>\$ 722,828</u>
Proportion of the Company's ownership	40.00%	40.00%
Equity attributable to the Company	<u>\$ 337,024</u>	<u>\$ 289,131</u>
Carrying amount	<u>\$ 337,024</u>	<u>\$ 289,131</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 525,601</u>	<u>\$ 235,128</u>
Net loss for the year	(41,651)	(104,258)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>\$ (41,651)</u>	<u>\$ (104,258)</u>

On September 28, 2022, the Company increased its investment in LDC ROME HOTELS S.R.L. by EUR1,600 thousand (equivalent to \$48,698 thousand).

Chia Hsin Construction & Development Corp.

	December 31	
	2022	2021
Current assets	\$ 1,618,320	\$ 2,006,649
Non-current assets	2,342,794	2,628,645
Current liabilities	(191,670)	(296,726)
Non-current liabilities	<u>(11,458)</u>	<u>(104,405)</u>
Equity	<u>\$ 3,757,986</u>	<u>\$ 4,234,163</u>
Proportion of the Company's ownership	46.18%	43.87%
Equity attributable to the Company	\$ 1,735,441	\$ 1,857,527
Premium representing the difference between fair value and carrying amount of remaining equity investments	<u>12,456</u>	<u>12,875</u>
Carrying amount	<u>\$ 1,747,897</u>	<u>\$ 1,870,402</u>
For the Year Ended December 31		
	2022	2021
Operating revenue	\$ 242,321	\$ 343,344
Net profit for the year	4,490	114,794
Other comprehensive (loss) income	<u>(197,707)</u>	<u>97,836</u>
Total comprehensive (loss) income for the year	<u>\$ (193,217)</u>	<u>\$ 212,630</u>
Dividends received from Chia Hsin Construction & Development Corp.	<u>\$ 37,751</u>	<u>\$ 15,729</u>

L'Hotel De Chine Corporation

	December 31	
	2022	2021
Current assets	\$ 642,150	\$ 598,400
Non-current assets	6,455,691	7,065,130
Current liabilities	(539,850)	(1,555,061)
Non-current liabilities	<u>(1,278,575)</u>	<u>(1,638,997)</u>
Equity	<u>\$ 5,279,416</u>	<u>\$ 4,469,472</u>
Proportion of the Company's ownership	23.10%	23.10%
Equity attributable to the Company	\$ 1,219,545	\$ 1,032,448
Carrying amount	<u>\$ 1,219,545</u>	<u>\$ 1,032,448</u>

	For the Year Ended December 31	
	2022	2021
Operating revenue	\$ 1,051,051	\$ 919,740
Net profit (loss) for the year	624,310	(603,476)
Other comprehensive income (loss)	<u>22,165</u>	<u>(34,626)</u>
Total comprehensive income (loss) for the year	<u>\$ 646,475</u>	<u>\$ (638,102)</u>

Acquisition of associates

On December 1, 2020, the Company acquired 67,998,915 shares of L'Hotel De Chine Corporation for \$1,107,340 thousand in cash and \$50,000 thousand of contingent consideration agreement, which represented a shareholding of 23.10%. The Company has identified the difference between the cost of acquisition and the net fair value of the identifiable assets and liabilities of its associate in November 2021.

	L'Hotel De Chine Corporation
Cash	\$ 1,107,340
Contingent consideration agreement (Note)	<u>50,000</u>
	<u>\$ 1,157,340</u>

Note: According to the contingent consideration agreement, if net book value per share of L'Hotel De Chine Corporation in 2020 did not meet the contractual agreement, the Company is not obligated to pay the contingent consideration. The net book value per share in 2020 has met the contractual agreement and, therefore, the Company has paid the contingent consideration on May 31, 2021.

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2022	2021
The Company's share of:		
(Loss) profit from continuing operations	\$ (2,513)	\$ 2,517
Other comprehensive (loss) income	<u>(1,215)</u>	<u>3,418</u>
Total comprehensive (loss) income for the year	<u>\$ (3,728)</u>	<u>\$ 5,935</u>

The investment in associates accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the associates' financial statements which have been audited for the same years.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Assets used by the Company	\$ 45,640	\$ 67,943
Assets leased under operating leases	<u>576,487</u>	<u>656,170</u>
	<u>\$ 622,127</u>	<u>\$ 724,113</u>

a. Assets used by the Company

	Land	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 4,669	\$ 41,336	\$ 3,821	\$ 547,385	\$ 14,020	\$ 611,231
Additions	-	-	-	-	7,725	7,725
Disposals	-	-	(855)	-	-	(855)
Balance at December 31, 2021	<u>\$ 4,669</u>	<u>\$ 41,336</u>	<u>\$ 2,966</u>	<u>\$ 547,385</u>	<u>\$ 21,745</u>	<u>\$ 618,101</u>
<u>Revaluation</u>						
Balance at January 1, 2021	\$ -	\$ 15,807	\$ -	\$ -	\$ -	\$ 15,807
Disposals	-	-	-	-	-	-
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 15,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,807</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ -	\$ 57,143	\$ 3,263	\$ 475,564	\$ 6,414	\$ 542,384
Depreciation expense	-	-	168	20,531	3,737	24,436
Disposals	-	-	(855)	-	-	(855)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 57,143</u>	<u>\$ 2,576</u>	<u>\$ 496,095</u>	<u>\$ 10,151</u>	<u>\$ 565,965</u>
Carrying amount at December 31, 2021	<u>\$ 4,669</u>	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ 51,290</u>	<u>\$ 11,594</u>	<u>\$ 67,943</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 4,669	\$ 41,336	\$ 2,966	\$ 547,385	\$ 21,745	\$ 618,101
Additions	-	-	-	-	904	904
Disposals	-	(41,336)	-	-	-	(41,336)
Balance at December 31, 2022	<u>\$ 4,669</u>	<u>\$ -</u>	<u>\$ 2,966</u>	<u>\$ 547,385</u>	<u>\$ 22,649</u>	<u>\$ 577,669</u>
<u>Revaluation</u>						
Balance at January 1, 2022	\$ -	\$ 15,807	\$ -	\$ -	\$ -	\$ 15,807
Disposals	-	(15,807)	-	-	-	(15,807)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

	Land	Machinery and Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2022	\$ -	\$ 57,143	\$ 2,576	\$ 496,095	\$ 10,151	\$ 565,965
Depreciation expense	-	-	94	20,049	3,064	23,207
Disposals	-	(57,143)	-	-	-	(57,143)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,670</u>	<u>\$ 516,144</u>	<u>\$ 13,215</u>	<u>\$ 532,029</u>
Carrying amount at December 31, 2022	<u>\$ 4,669</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 31,241</u>	<u>\$ 9,434</u>	<u>\$ 45,640</u>

(Concluded)

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	15 years
Transportation equipment	2-5 years
Other equipment	3-8 years
Leasehold improvement	
Office building	24 years
Plant	7-24 years
Others	3-24 years

b. Assets leased under operating leases

	Machinery and Equipment	Leasehold Improvements	Total
<u>Cost</u>			
Balance at January 1, 2021	\$ 429,490	\$ 2,131,443	\$ 2,560,933
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2021	<u>\$ 429,490</u>	<u>\$ 2,131,443</u>	<u>\$ 2,560,933</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 429,490	\$ 1,395,590	\$ 1,825,080
Depreciation expenses	-	79,683	79,683
Disposals	-	-	-
Balance at December 31, 2021	<u>\$ 429,490</u>	<u>\$ 1,475,273</u>	<u>\$ 1,904,763</u>
Carrying amount at December 31, 2021	<u>\$ -</u>	<u>\$ 656,170</u>	<u>\$ 656,170</u>

(Continued)

	Machinery and Equipment	Leasehold Improvements	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 429,490	\$ 2,131,443	\$ 2,560,933
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2022	<u>\$ 429,490</u>	<u>\$ 2,131,443</u>	<u>\$ 2,560,933</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 429,490	\$ 1,475,273	\$ 1,904,763
Depreciation expenses	-	79,683	79,683
Disposals	-	-	-
Balance at December 31, 2022	<u>\$ 429,490</u>	<u>\$ 1,554,956</u>	<u>\$ 1,984,446</u>
Carrying amount at December 31, 2022	<u>\$ -</u>	<u>\$ 576,487</u>	<u>\$ 576,487</u> (Concluded)

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	8 years
Leasehold improvement	
Office building	8-20 years
Plant	8-20 years
Others	10-20 years

In 2022 and 2021, the Company leased machinery and leasehold improvements under operating leases. According to the contract, lease payments receivable under operating lease is based on the amount of usage. The fee is settled monthly and paid quarterly.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Buildings	\$ 531	\$ 1,060
Land improvement	4,802	8,004
Transportation equipment	<u>451</u>	<u>1,225</u>
	<u>\$ 5,784</u>	<u>\$ 10,289</u>

For the Year Ended December 31

	2022	2021
Additions to right-of-use assets	\$ -	\$ 1,589
Depreciation charge for right-of-use assets		
Buildings	\$ 529	\$ 529
Land improvement	3,202	3,202
Transportation equipment	774	774
	<u>\$ 4,505</u>	<u>\$ 4,505</u>

b. Lease liabilities

December 31

Carrying amount

Current	\$ 77,999	\$ 63,370
Non-current	\$ 1,248,248	\$ 1,232,677

Range of discount rates for lease liabilities was as follows:

December 31

Buildings	1.30%	1.30%
Land improvement	1.38%-1.58%	1.38%-1.58%
Transportation equipment	2.30%	2.30%

c. Material lease activities and terms

Warehousing and storage service at the wharves

In order to operate in cargo loading, unloading, storage and transit business, the Company signed as lessee lease contracts with Port of Keelung, Taiwan International Ports Co., Ltd. for the leasing of facilities and lands in (a) wharf No. 33 in the west port of Keelung ("Port of Keelung") and (b) No. 1 general cargo terminal in port of Taipei ("Port of Taipei"). The period of the lease of the Port of Keelung is 23 years and 9 months which started on October 7, 2000. The period of the lease of the Port of Taipei is 35 years and 5 months which started on December 10, 2009. The rentals for lands are calculated on the basis of the regional average rental and the annual rental rate per square meter announced by the government. The land rental rates are adjusted in line with the regional rental rate and the market rate announced publicly. The rentals for buildings are adjusted in accordance with annual Construction Cost Index published by the Directorate General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan of the ROC. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets in the leases mentioned above without the lessor's consent. The Company may renew the lease contract at the end of the lease term by signing a new one.

d. Other leasing information

The Company's leases as lessor of property, plant and equipment and investment properties under operating leases are set out in Notes 15 and 17, respectively; finance leases of assets are set out in Note 12.

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	\$ 9,509	\$ 9,509
Total cash outflow for leases	\$ (71,209)	\$ (75,338)

The Company's leases of certain office equipment and buildings qualify as short-term and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Balance at January 1	\$ 277,135	\$ 277,135
Additions	—	—
Balance at December 31	<u>\$ 277,135</u>	<u>\$ 277,135</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 10,715	\$ 9,479
Depreciation expense	<u>1,234</u>	<u>1,236</u>
Balance at December 31	<u>\$ 11,949</u>	<u>\$ 10,715</u>
<u>Carrying amount</u>		
Carrying amount at January 1	<u>\$ 266,420</u>	<u>\$ 267,656</u>
Carrying amount at December 31	<u>\$ 265,186</u>	<u>\$ 266,420</u>

The abovementioned investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Office building	14-15 years

The investment properties are not evaluated by an independent valuer but valued by the Company's management using the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and by discounted cash flow analysis. The significant unobservable inputs used include discount rates. The appraised fair value is as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
The fair value of investment properties	\$ 354,645	\$ 337,378
Discount rate	7.98%	6.85%

The investment properties were leased out for 1 to 5 years, with an option to extend for additional years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 is as follows:

	December 31	
	2022	2021
Year 1	\$ 4,549	\$ 4,513
Year 2	4,367	4,331
Year 3	743	4,367
Year 4	310	743
Year 5	-	310
	<u>\$ 9,969</u>	<u>\$ 14,264</u>

18. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2021	\$ -
Additions	<u>184</u>
Balance at December 31, 2021	<u>\$ 184</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ -
Amortization expenses	<u>15</u>
Balance at December 31, 2021	<u>\$ 15</u>
Carrying amount at December 31, 2021	<u>\$ 169</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 184
Additions	<u>1,608</u>
Balance at December 31, 2022	<u>\$ 1,792</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 15
Amortization expenses	<u>243</u>
Balance at December 31, 2022	<u>\$ 258</u>
Carrying amount at December 31, 2022	<u>\$ 1,534</u>

Amortization expense are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software 5 years

	For the Year Ended December 31	
	2022	2021
An analysis of amortization by function		
General and administrative expenses	\$ <u>243</u>	\$ <u>15</u>

19. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Prepayments		
Prepayments for investment	\$ -	\$ 41,520
Others	<u>2,392</u>	<u>3,952</u>
	<u>\$ 2,392</u>	<u>\$ 45,472</u>
<u>Non-current</u>		
Refundable deposits	<u>\$ 7,006</u>	<u>\$ 7,006</u>
Other non-current assets		
Others	<u>\$ 87</u>	<u>\$ 1,859</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings	\$ 585,000	\$ 209,000
Unsecured borrowings	<u>755,000</u>	<u>595,000</u>
	<u>\$ 1,340,000</u>	<u>\$ 804,000</u>

The range of interest rates on bank loans were 1.47%-2.21% and 0.86%-0.90% per annum as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 128,000	\$ 135,000
Less: Unamortized discounts on bills payable	<u>(386)</u>	<u>(158)</u>
	<u>\$ 127,614</u>	<u>\$ 134,842</u>

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
International bills	\$ 128,000	\$ (386)	\$ 127,614	2.038%	None

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
International bills	\$ 135,000	\$ (158)	\$ 134,842	0.888%	None

c. Long-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Bank loans</u>		
Secured borrowings	\$ 4,376,250	\$ 4,743,750
Unsecured borrowings	90,000	100,000
	4,466,250	4,843,750
Less: Current portion	(577,500)	(577,500)
Long-term borrowings	\$ 3,888,750	\$ 4,266,250

1) The Company signed medium-term secured loan contracts with First Commercial Bank, Cathay United Bank, Bank SinoPac, China Trust Commercial Bank, and Taiwan Cooperative Bank, respectively. The bank loans are to be repaid at once or in installments according to the agreement. The facilities allow drawdown on a revolving basis. As of December 31, 2022 and 2021, the annual interest rates were 1.43%-1.86% and 1.05%-1.24%, respectively. The loan is repayable in 5 to 7 years, and the final maturity date of the loan is December 28, 2029.

2) Refer to Note 33 for the secured loans guaranteed by related parties or collaterals by related parties.

21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	2022	2021
<u>Notes payable</u>		
Operating	\$ 1,907	\$ 3,351
<u>Trade payables</u>		
Operating	\$ 64,037	\$ 91,987

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 15,244	\$ 41,942
Payables for interests	1,920	1,077
Payable for insurance	962	1,454
Payables for professional fees	3,894	1,452
Payables for VAT	2,070	432
Others	3,204	3,286
	<u>\$ 27,294</u>	<u>\$ 49,643</u>

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company 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 Company 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 Company contributes amounts equal to 2% 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 Company 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 Company 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 ("Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ (82,670)	\$ (87,927)
Fair value of plan assets	<u>83,512</u>	<u>77,399</u>
Surplus (deficit)	<u>842</u>	<u>(10,528)</u>
Net defined benefit assets (liabilities)	<u>\$ 842</u>	<u>\$ (10,528)</u>

Movements in net defined benefit assets (liabilities) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Balance at January 1, 2021	<u>\$ (98,338)</u>	<u>\$ 82,072</u>	<u>\$ (16,266)</u>
Service cost			
Current service cost	(2,261)	-	(2,261)
Net interest (expense) income	<u>(492)</u>	<u>417</u>	<u>(75)</u>
Recognized in profit or loss	<u>(2,753)</u>	<u>417</u>	<u>(2,336)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	1,065	1,065
Actuarial loss			
Changes in demographic assumptions	(1,861)	-	(1,861)
Changes in financial assumptions	1,017	-	1,017
Experience adjustments	<u>5,509</u>	<u>-</u>	<u>5,509</u>
Recognized in other comprehensive income	<u>4,665</u>	<u>1,065</u>	<u>5,730</u>
Benefits paid	8,499	(8,499)	-
Contributions from the employer	<u>-</u>	<u>2,344</u>	<u>2,344</u>
Balance at December 31, 2021	<u>(87,927)</u>	<u>77,399</u>	<u>(10,528)</u>
Service cost			
Current service cost	(1,727)	-	(1,727)
Net interest (expense) income	<u>(550)</u>	<u>491</u>	<u>(59)</u>
Recognized in profit or loss	<u>(2,277)</u>	<u>491</u>	<u>(1,786)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	6,404	6,404
Actuarial loss			
Changes in financial assumptions	6,562	-	6,562
Experience adjustments	<u>(1,760)</u>	<u>-</u>	<u>(1,760)</u>
Recognized in other comprehensive income	<u>4,802</u>	<u>6,404</u>	<u>11,206</u>
Benefits paid	2,732	(2,732)	-
Contributions from the employer	<u>-</u>	<u>1,950</u>	<u>1,950</u>
Balance at December 31, 2022	<u>\$ (82,670)</u>	<u>\$ 83,512</u>	<u>\$ 842</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, 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 shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government 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 plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries 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 obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rate	1.50%	0.625%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	\$ (1,748)	\$ (2,021)
0.25% decrease	\$ 1,802	\$ 2,088
Expected rate(s) of salary increase		
0.25% increase	\$ 1,762	\$ 2,026
0.25% decrease	\$ (1,717)	\$ (1,971)

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

	December 31	
	2022	2021
Expected contributions to the plans for the next year	\$ 1,989	\$ 2,377
Average duration of the defined benefit obligation	9.8 years	9.9 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	1,500,000	1,500,000
Amount of shares authorized	\$ 15,000,000	\$ 15,000,000
Shares issued and fully paid (in thousands of shares)	774,781	774,781
Amount of shares issued and fully paid	\$ 7,747,805	\$ 7,747,805

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2022	2021
<u>May only be used to offset a deficit (1)</u>		
Treasury share transaction	\$ 367,772	\$ 367,772
Unclaimed dividends extinguished by prescription	9,792	9,194
Unclaimed dividends extinguished by prescription of subsidiaries	3,106	2,909
Changes in equity of associates accounted for using the equity method	29,768	3,610
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (2)</u>		
Treasury share transaction		
Dividends paid to subsidiaries	782,977	710,800
Disposal of treasury shares	24,829	24,829
Share-based payment	15,428	15,428
Share-based payment of subsidiaries and second-tier subsidiaries	4,747	4,747
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal	<u>7</u>	<u>7</u>
	<u>\$ 1,238,426</u>	<u>\$ 1,139,296</u>

Note 1: Such capital surplus may only be used to offset a deficit.

Note 2: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital each year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation of the Company, when the Company makes the financial statement to obtain after-tax surplus earnings in a fiscal year, it shall make up its accumulated losses, set aside a sum as legal reserve, set aside or reverse a 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 Company'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 bonus to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 26(g).

The remaining dividend policy is taken by the Company. In consideration of the future business expansion and capital needs, an appropriate amount of earnings can be retained. If there are undistributed earnings remained after the appropriation, distribution of earnings can be made.

For the distribution of shareholders' dividends, cash dividends shall be more than 10% of total dividends distributed in the current year, the remainders will be in stock dividends.

According to the Company Act No. 237, the Company shall recognize as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the total amount of paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings. The sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The Company is required to make appropriation to or reversal from the special reserve for the items referred to in Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”. The FSC issued Rule No. 1090150022 on March 31, 2021, and Rule No. 1010012865 and No. 1010047490 were repealed on December 31, 2021 and March 31, 2021, respectively.

The appropriations of earnings for 2021 and 2020 approved in the shareholders’ regular meetings on June 14, 2022 and August 18, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 68,062	\$ 183,510
Cash dividends	502,675	1,079,560
Cash dividends per share (NT\$)	0.65	1.40

The appropriation of earnings for 2022 is expected to be proposed by the board of directors in April 2023 and will be resolved by the shareholders in their meeting to be held on May 30, 2023.

d. Special reserve

If a special reserve appropriated on the first-time adoption of IFRSs relates to investment properties other than land, the special reserve may be reversed continuously over the period of use or may be reversed upon the disposal or reclassification of the related assets. The special reserve related to land may be reversed on the disposal or reclassification of the land.

In addition to the special reserve that the Company can voluntarily appropriate according to the Articles, the Company may also appropriate or reverse special reserve under Rule No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”. If there is subsequent reversal of debits to other equity items, the Company may distribute the reversed debit amounts as dividends. The FSC issued Rule No. 1090150022 on March 31, 2021, and Rule No. 1010012865 were repealed on December 31, 2021.

The special reserves recognized as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Appropriation in respect of the Articles of Incorporation of the Company	\$ 295,756	\$ 295,756
First application of Rule issued by the FSC		
Revaluation of investment properties (Note)	1,793,450	1,793,450
Exchange differences on translation of the financial statements of foreign operations	<u>168,790</u>	<u>168,790</u>
	<u>\$ 2,257,996</u>	<u>\$ 2,257,996</u>

Note: In the half of 2021, the Company reversed \$17,708 thousand of revaluation of investment properties originated from the first application of rule issued by the FSC due to the completion of subsequent disposal transactions.

e. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (800,236)	\$ (404,225)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	165,564	(306,820)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	23,830	(188,194)
Related income tax	(37,880)	99,003
Other comprehensive income (loss) recognized for the year	<u>151,514</u>	<u>(396,011)</u>
Balance at December 31	<u>\$ (648,722)</u>	<u>\$ (800,236)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 6,779,354	\$ 5,343,439
Recognized for the year		
Unrealized (loss) gain on financial assets at FVTOCI	(2,327,630)	992,174
Unrealized (loss) gain on financial assets at FVTOCI held by associates accounted for using the equity method	(991,752)	443,741
Other comprehensive (loss) income recognized for the year	<u>(3,319,382)</u>	<u>1,435,915</u>
Balance at December 31	<u>\$ 3,459,972</u>	<u>\$ 6,779,354</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2021	4,435	127,371	131,806
Increase during the year	-	-	-
Decrease during the year	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Number of shares at December 31, 2021	<u>1,435</u>	<u>127,371</u>	<u>128,806</u>
Number of shares at January 1, 2022	1,435	127,371	128,806
Increase during the year	-	-	-
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2022	<u>1,435</u>	<u>127,371</u>	<u>128,806</u>

To motivate employees and enhance the internal cohesion in the company, the Company adopts “The First Rules on Transfer Repurchased Shares to Employees” in accordance with Article 28.2.1.1 of R.O.C. Securities and Exchange Law and “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” enacted by Financial Supervisory Commission. The repurchased shares transferred to employees by the Company, in addition to complying with competent laws and regulations, shall be processed subject to the Rules.

In 2021, the Company transferred all 3,000 thousand treasury shares repurchased in 2018 under the first repurchase plan to its employees at the price of \$13.7 per share. The Company recognized \$15,428 thousand of compensation costs on the grant date, and \$(96) thousand of capital surplus - treasury shares transaction was recognized on the shares settlement date.

Refer to Note 29 for information on share-based payment arrangements.

Prior to the amendment of the Company Act at the end of 2001, subsidiaries purchased shares of the Company on the open market in line with government policy and in order to maintain the stability of the share price on the open market. The relevant information on the holding of the Company's shares is as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Based on the Shareholding Ratio	
		Carrying Amount	Market Price
<u>December 31, 2022</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	<u>\$ 1,055,710</u>	<u>\$ 1,932,121</u>
<u>December 31, 2021</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	127,371	<u>\$ 1,055,710</u>	<u>\$ 2,304,110</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to receive dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

25. REVENUE

a. Contract information

Revenue from the sale of goods

The main operating revenue of the Company is from the sale of cement. All goods are sold at their respective fixed price as agreed in the contracts.

Revenue from the rent

The rental income comes from the lease of property, plant and equipment. The Company recognizes the revenue according to the contract on accrual basis.

Revenue from the rendering of services

The Company renders management service to its subsidiaries. The Company charges the subsidiaries upon finishing the services according to the signed management contracts.

Other revenue - warehousing and storage services

The Company operates the cement silo and other storage and transport facilities in the wharves to provide warehousing and storage services. The fee is calculated based on the actual amount of goods delivered and the agreed price in the signed contracts.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and trade receivables (Note 10)	<u>\$ 169,275</u>	<u>\$ 156,670</u>	<u>\$ 179,544</u>
Trade receivables from related parties (Note 33)	<u>\$ 9,637</u>	<u>\$ 16,795</u>	<u>\$ 11,880</u>
Contract liabilities - current Sale of goods	<u>\$ 12,753</u>	<u>\$ 12,278</u>	<u>\$ 4,924</u>

Revenue recognized in the current reporting period that was included in the contract liability balance at the beginning of the period for the years ended December 31, 2022 and 2021 was \$12,278 thousand and \$4,924 thousand, respectively.

c. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2022	2021
Type of goods or services		
Sale of goods	\$ 986,402	\$ 1,062,850
Rental income	4,730	4,695
Rendering of service	33,896	22,174
Other revenue		
Revenue from warehousing and storage service	<u>151,322</u>	<u>159,212</u>
	<u>\$ 1,176,350</u>	<u>\$ 1,248,931</u>

26. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 13,909	\$ 2,943
Loans to related party (Note 33)	-	112
Net investments in leases (Note 33)	<u>20,117</u>	<u>20,132</u>
	<u>\$ 34,026</u>	<u>\$ 23,187</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Dividends (Note 33)	\$ 235,473	\$ 747,616
Remuneration of director (Note 33)	31,727	34,560
Others (Note 33)	<u>1,435</u>	<u>3,331</u>
	<u>\$ 268,635</u>	<u>\$ 785,507</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	\$ -	\$ 29
Net foreign exchange gains (losses) (Note 26-h)	68,895	(105,687)
Gain (loss) on fair value changes of financial assets mandatorily classified as at FVTPL	(120,353)	36,661
Service fee arising from endorsement guarantee (Note 33)	(18,842)	(19,698)
Others	<u>(10)</u>	<u>(10)</u>
	<u>\$ (70,310)</u>	<u>\$ (88,705)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 82,239	\$ 68,963
Interest on lease liabilities	<u>20,231</u>	<u>20,314</u>
	<u>\$ 102,470</u>	<u>\$ 89,277</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 102,890	\$ 104,119
Investment properties	1,234	1,236
Right-of-use assets	4,505	4,505
Intangible assets	<u>243</u>	<u>15</u>
	<u>\$ 108,872</u>	<u>\$ 109,875</u>
An analysis of depreciation by function		
Operating costs	\$ 104,262	\$ 104,819
Operating expenses	<u>4,367</u>	<u>5,041</u>
	<u>\$ 108,629</u>	<u>\$ 109,860</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 243</u>	<u>\$ 15</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 129,657	\$ 169,001
Post-employment benefits (Note 23)		
Defined contribution plan	3,571	3,458
Defined benefit plans	1,786	2,336
Share-based payments		
Equity-settled	-	15,428
Other employee benefits	<u>5,514</u>	<u>5,782</u>
	<u>\$ 140,528</u>	<u>\$ 196,005</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 13,450	\$ 14,444
Operating expenses	<u>127,078</u>	<u>181,561</u>
	<u>\$ 140,528</u>	<u>\$ 196,005</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees at rates of no less than 0.01% and no higher than 3%, and remuneration of directors at rates of no higher than 3% of net profit before income tax, compensation of employees and remuneration of directors.

The Company had loss before income tax for the year ended December 31, 2022. Therefore, no compensation of employees and remuneration of directors was accrued for the relevant period. The compensation of employees and the remuneration of directors for the years ended December 31, 2021, which was approved by the Company's board of directors on March 22, 2022, are as follows:

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	1.39%
Remuneration of directors	1.39%

Amount

	For the Year Ended December 31, 2021	
	Cash	Shares
Compensation of employees	\$ 9,660	\$ -
Remuneration of directors	9,660	-

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 147,373	\$ 23,056
Foreign exchange losses	<u>(78,478)</u>	<u>(128,743)</u>
Net foreign exchange gains (losses)	<u>\$ 68,895</u>	<u>\$ (105,687)</u>

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

According to regulations stipulated by Ruling Letter No. 910458039 dated February 12, 2003, "Principles and regulations of profit-seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law", as a result of division in accordance with Article 40 of Enterprise Merger Law, the Company is elected as a tax payer and file a joint tax return which holds more than 90% shares of a domestic subsidiary for 12 months during a taxable year.

The Company filed the joint income tax returns of the Company and Chia Hsin Property Management & Development Corporation. The objective of the Company under the linked-tax system is to reduce the income tax liabilities of the companies by maximizing the benefits from the synergy of the Company and its subsidiary.

a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ (31,466)	\$ (35,639)
Income tax on unappropriated earnings	-	25,084
Adjustments for prior years	<u>(299)</u>	<u>44</u>
	(31,765)	(10,511)
Deferred tax		
In respect of the current year	<u>26,306</u>	<u>27,292</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (5,459)</u>	<u>\$ 16,781</u>

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2022	2021
(Loss) profit before tax from continuing operations	<u>\$ (186,221)</u>	<u>\$ 674,629</u>
Income tax expense calculated at the statutory rate	(37,243)	\$ 134,926
Nondeductible expenses in determining taxable income	159	331
Tax-exempt income	(43,960)	(283,881)
Income tax on unappropriated earnings	-	25,084
Unrecognized deductible temporary differences	75,884	140,277
Adjustments for prior years' income tax	<u>(299)</u>	<u>44</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (5,459)</u>	<u>\$ 16,781</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 37,880	\$ (99,003)
Remeasurement of defined benefit plans	<u>2,241</u>	<u>1,146</u>
Total income tax recognized in other comprehensive income	<u>\$ 40,121</u>	<u>\$ (97,857)</u>

c. Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	\$ <u>-</u>	\$ <u>25,084</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, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Retirement pension	\$ 51,623	\$ (33)	\$ -	\$ 51,590
Defined benefit obligations	9,170	-	(2,241)	6,929
Payables for annual leave	505	(28)	-	477
Unrealized gain or loss on foreign exchange	21,249	(21,249)	-	-
Exchange differences on the translation of the financial statements of foreign operations	158,556	-	(37,880)	120,676
Fair value changes of financial assets at FVTPL	-	2,122	-	2,122
Inventories write-downs	-	718	-	718
Others	<u>1,258</u>	<u>321</u>	<u>-</u>	<u>1,579</u>
	<u>\$ 242,361</u>	<u>\$ (18,149)</u>	<u>\$ (40,121)</u>	<u>\$ 184,091</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Fair value changes of financial assets at FVTPL	\$ 5,730	\$ (5,730)	\$ -	\$ -
Net gain on investment accounted for using the equity method	290,498	409	-	290,907
Unrealized gain or loss on foreign exchange	-	13,478	-	13,478
Others	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>
	<u>\$ 296,290</u>	<u>\$ 8,157</u>	<u>\$ -</u>	<u>\$ 304,447</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Retirement pension	\$ 51,625	\$ (2)	\$ -	\$ 51,623
Defined benefit obligations	10,316	-	(1,146)	9,170
Payables for annual leave	473	32	-	505
Deferred expense	27	(27)	-	-
Unrealized gain or loss on foreign exchange	9,336	11,913	-	21,249
Exchange differences on the translation of the financial statements of foreign operations	59,553	-	99,003	158,556
Inventories write-downs	506	(506)	-	-
Others	<u>416</u>	<u>842</u>	<u>-</u>	<u>1,258</u>
	<u>\$ 132,252</u>	<u>\$ 12,252</u>	<u>\$ 97,857</u>	<u>\$ 242,361</u>

Deferred tax liabilities

Temporary differences				
Fair value changes of financial assets at FVTPL	\$ 5,838	\$ (108)	\$ -	\$ 5,730
Net gain on investment accounted for using the equity method	250,840	39,658	-	290,498
Deferred revenue	6	(6)	-	-
Others	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>
	<u>\$ 256,746</u>	<u>\$ 39,544</u>	<u>\$ -</u>	<u>\$ 296,290</u>

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary differences		
Gain or loss on investments in subsidiaries and associates accounted for using the equity method	<u>\$ 2,107,833</u>	<u>\$ 1,878,312</u>

- f. Income tax assessments

As of December 31, 2020 except 2019, the business income tax returns of the Company through 2020 have been assessed by the tax authorities.

28. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic (loss) earnings per share	\$ (0.28)	\$ 1.02
Diluted (loss) earnings per share	\$ (0.28)	\$ 1.02

The (loss) earnings and weighted average number of ordinary shares outstanding used in the computation of loss earnings per share are as follows:

Net (Loss) Profit for the Year

	For the Year Ended December 31	
	2022	2021
(Loss) profit for the year attributable to owners of the Company	\$ (180,762)	\$ 657,848
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
(Loss) earnings used in the computation of diluted (loss) earnings per share	\$ (180,762)	\$ 657,848

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic (loss) earnings per share	645,975	644,540
Effect of potentially dilutive ordinary shares		
Compensation of employees	- (Note)	556
Weighted average number of ordinary shares used in the computation of diluted (loss) earnings per share	645,975	645,096

Note: The balance was anti-dilutive and excluded from the computation of diluted earnings per share.

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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.

29. SHARE-BASED PAYMENT ARRANGEMENTS

Transaction of Treasury Shares Granted to Employees

To motivate the employees and enhance the internal cohesion in the Company, in the first and second quarter of 2021, the Company registered to transfer to its employees who met specific criteria a total of 769,000 shares and 2,231,000 shares, respectively, the shares were repurchased in 2018 under the first repurchase plan. The related information including company and its subsidiaries were as follows:

	For the Year Ended December 31, 2021			
	Granted on		Granted on	
	May 7, 2021		January 19, 2021	
Treasury Shares Granted to Employees	Number of Shares (In Thousands of Shares)	Weighted- average Exercise Price (\$)	Number of Shares (In Thousands of Shares)	Weighted- average Exercise Price (\$)
Balance at January 1	-		-	
Shares granted	2,231	\$ 13.7	769	\$ 13.7
Shares exercised	(2,231)		(769)	
Shares expired	-		-	
Balance at December 31	-		-	
Shares exercisable, end of the period	-		-	
Weighted-average fair value of shares granted (\$)	\$ 8.69		\$ 1.56	

The Company used the Black-Scholes pricing model to value the treasury shares granted to its employees in 2021. Inputs used in the model were as follows:

	Granted on May 7, 2021	Granted on January 19, 2021
Exercise price (\$)	\$13.7	\$13.7
Fair value (\$)	\$8.69	\$1.56
Expected rate of volatility	28.78%	22.12%
Duration	85 days	39 days
Risk-free rate of interest	0.12%	0.17%

For the year ended December 31, 2021, the Company recognized \$15,428 thousand of compensation costs on the grant date, and recognized a deduction of \$96 thousand of capital surplus - treasury shares transaction on the shares settlement date.

30. CASH FLOW INFORMATION

Changes In Liabilities Arising From Financing Activities

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Re-measurement	New Leases	Amortization of Interest Expense	Others	
Short-term borrowings	\$ 804,000	\$ 536,000	\$ -	\$ -	\$ -	\$ -	\$ 1,340,000
Short-term bills payable	134,842	(7,000)	-	-	(228)	-	127,614
Long-term borrowings	4,843,750	(377,500)	-	-	-	-	4,466,250
Guarantee deposits received	23,747	(821)	-	-	-	-	22,926
Lease liabilities	<u>1,296,047</u>	<u>(41,469)</u>	<u>71,669</u>	<u>-</u>	<u>20,231</u>	<u>(20,231)</u>	<u>1,326,247</u>
	<u>\$ 7,102,386</u>	<u>\$ 109,210</u>	<u>\$ 71,669</u>	<u>\$ -</u>	<u>\$ 20,003</u>	<u>\$ (20,231)</u>	<u>\$ 7,283,037</u>

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Re-measurement	New Leases	Amortization of Interest Expense	Others	
Short-term borrowings	\$ 1,419,000	\$ (615,000)	\$ -	\$ -	\$ -	\$ -	\$ 804,000
Short-term bills payable	136,773	(2,000)	-	-	69	-	134,842
Long-term borrowings	5,301,250	(457,500)	-	-	-	-	4,843,750
Guarantee deposits received	24,570	(823)	-	-	-	-	23,747
Lease liabilities	<u>1,324,810</u>	<u>(45,515)</u>	<u>15,163</u>	<u>1,589</u>	<u>20,314</u>	<u>(20,314)</u>	<u>1,296,047</u>
	<u>\$ 8,206,403</u>	<u>\$ (1,120,838)</u>	<u>\$ 15,163</u>	<u>\$ 1,589</u>	<u>\$ 20,383</u>	<u>\$ (20,314)</u>	<u>\$ 7,102,386</u>

31. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remained unchanged in recent years.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

The management of the Company periodically reviews its capital structure. As part of the review, the management considers the cost of capital, financial ratios required by loans, and related risks in determining the proper structure for its capital. Followed the management's suggestion, the Company balances its overall capital structure by obtaining financing facilities from financial institutions and adjusting the amount of dividends paid to the shareholders.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amount of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximates their fair value or that the fair value of such assets and liabilities cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 286,492	\$ -	\$ -	\$ 286,492
Listed shares in foreign market	39,077	-	-	39,077
Mutual funds	<u>20,010</u>	<u>-</u>	<u>468,839</u>	<u>488,849</u>
	<u>\$ 345,579</u>	<u>\$ -</u>	<u>\$ 468,839</u>	<u>\$ 814,418</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 7,982,988	\$ -	\$ -	\$ 7,982,988
Unlisted shares in domestic market	<u>-</u>	<u>-</u>	<u>458,819</u>	<u>458,819</u>
	<u>\$ 7,982,988</u>	<u>\$ -</u>	<u>\$ 458,819</u>	<u>\$ 8,441,807</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 371,538	\$ -	\$ -	\$ 371,538
Listed shares in foreign market	50,340	-	-	50,340
Mutual funds	<u>61,766</u>	<u>-</u>	<u>218,927</u>	<u>280,693</u>
	<u>\$ 483,644</u>	<u>\$ -</u>	<u>\$ 218,927</u>	<u>\$ 702,571</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 10,290,950	\$ -	\$ -	\$ 10,290,950
Unlisted shares in domestic market	<u>-</u>	<u>-</u>	<u>387,002</u>	<u>387,002</u>
	<u>\$ 10,290,950</u>	<u>\$ -</u>	<u>\$ 387,002</u>	<u>\$ 10,677,952</u>

There were no transfers between Levels 1 and 2 in 2022 and 2021.

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

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL Mutual Funds	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2022	\$ 218,927	\$ 387,002	\$ 605,929
Purchase	269,463	91,485	360,948
Disposal	(37,263)	-	(37,263)
Recognized in profit or loss	17,712	-	17,712
Recognized in other comprehensive (loss) income	-	(19,668)	(19,668)
Balance at December 31, 2022	<u>\$ 468,839</u>	<u>\$ 458,819</u>	<u>\$ 927,658</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 12,784</u>	<u>\$ -</u>	<u>\$ 12,784</u>

For the year ended December 31, 2021

Financial Assets	Financial assets at FVTPL Mutual Funds	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2021	\$ 72,017	\$ 304,901	\$ 376,918
Purchase	198,392	90,000	288,392
Disposal	(64,536)	-	(64,536)
Recognized in profit or loss	13,054	-	13,054
Recognized in other comprehensive income	-	(7,899)	(7,899)
Balance at December 31, 2021	<u>\$ 218,927</u>	<u>\$ 387,002</u>	<u>\$ 605,929</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 12,720</u>	<u>\$ -</u>	<u>\$ 12,720</u>

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

The fair value of mutual funds is determined using the method and hypothesis described below:

The fair value is determined by the use of valuation techniques or the price quotations from various counterparties. The fair value measurement using valuation techniques uses as reference the published current fair value of instruments with similar terms and characteristics, or uses discounted cash flow method or other valuation methods, including the use of a valuation model using market information available at the balance sheet date.

The Company holds unlisted shares. The significant unobservable input in the measurement of such investments is liquidity discount. The fair value of unlisted shares is determined using market approach where the fair value of the shares of similar or peer companies is used as reference. As of December 31, 2022, and December 31, 2021, the ranges of liquidity discount used were 14.18%-20.42%, and 20.86%-30.00%, respectively.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 814,418	\$ 702,571
Financial assets measured at amortized cost (1)	2,027,592	2,161,204
Financial assets at FVTOCI		
Equity instruments	8,441,807	10,677,952
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	6,140,592	6,057,987

- 1) The balances include financial assets which comprise cash and cash equivalent, notes receivable from unrelated parties, trade receivables from unrelated parties and related parties, other receivables from unrelated parties and related parties, financial assets at amortized costs, and refundable deposits.
- 2) The balances include financial liabilities, which comprise short-term loans, short-term bills payable, notes payable to unrelated parties, trade payables to unrelated parties and related parties, other payables to unrelated parties (excluding payable for salaries and bonus, tax payable and payable for insurance), and other payables to related parties, current portion of long-term borrowings payable, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity securities, trade receivables, financial assets at amortized cost, trade payables, lease liabilities and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

The corporate treasury function reports regularly to the Company's management, which monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency transactions, which exposes the Company to foreign currency risk. Exchange rate exposures are managed by the delegated team, which regularly monitors and properly adjusts the assets and liabilities affected by the exchange rate to manage foreign currency risk.

Since the Company's net investments in foreign operations are strategic investments, the Company does not seek to hedge against the currency risk.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Company was mainly exposed to the USD, HKD, EUR and JPY.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact (i)		HKD Impact (ii)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$ 43,497	\$ 46,558	\$ 183	\$ 4
	EUR Impact (iii)		JPY Impact (iv)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Profit or loss	\$ 87	\$ 8,573	\$ 38,605	\$ 34,683

- The result was mainly attributable to the exposure on outstanding cash and cash equivalents and other receivables in USD that were not hedged at the end of the year.
- The result was mainly attributable to the exposure on outstanding cash and cash equivalents in HKD that were not hedged at the end of the year.
- The result was mainly attributable to the exposure on outstanding cash and cash equivalents in EUR that were not hedged at the end of the year.
- The result was mainly attributable to the exposure on outstanding cash and cash equivalents in JPY that were not hedged at the end of the year.

The above results of the Company's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the increase in financial assets in HKD and JPY, and the decrease in financial assets in USD and EUR.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 2,294,968	\$ 2,320,992
Financial liabilities	2,053,861	1,834,889
Cash flow interest rate risk		
Financial assets	791,286	872,341
Financial liabilities	5,206,250	5,243,750

Sensitivity analysis

The sensitivity analysis below is based on the Company's exposure to interest rates of non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the year was outstanding for the whole year. A 25 basis point 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 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$11,037 thousand and \$10,929 thousand, respectively.

For the year ended December 31, 2022, the Company's sensitivity to interest rates increased during the current period mainly due to the increase in floating rate liabilities.

c) Other price risk

The Company is exposed to equity price risk through its investments in equity securities and mutual funds. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the end of year.

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2022 would have increased/decreased by \$5,279 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2022 would have increased/decreased by \$6,648 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity price of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2022 would have increased/decreased by \$2,865 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2022 would have increased/decreased by \$77,771 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices (except for equity securities of Taiwan Cement Corporation) had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2021 would have increased/decreased by \$3,310 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2021 would have increased/decreased by \$5,922 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity price of Taiwan Cement Corporation had been 1% higher/lower, the pre-tax profit or loss for the year ended December 31, 2021 would have increased/decreased by \$3,715 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income before tax for the year ended December 31, 2021 would have increased/decreased by \$100,857 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

Except for equity securities of Taiwan Cement Corporation, the Company's sensitivity to equity price of the financial assets increased due to the increase in the amount of such equity securities.

The difference of the Company's sensitivity to equity price of Taiwan Cement Corporation due to the change from the price of such equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. At the end of the accounting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets and the amount that could arise as liabilities on financial guarantees provided by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and financial institution to obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company also delegates a special team to monitor the credit risk exposures and the credit amount of the counterparties and, therefore, does not expect any material credit risk.

The credit risk was mainly concentrated on the top 10 customers of the Company. As of December 31, 2022 and 2021, receivables from the top 10 customers were 80% and 89%, respectively, of total receivables.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, as of the end of the accounting period, the Company reviews the recoverability of the receivables and provides proper allowance for assessed irrecoverable receivables. In view of the methods mentioned above, the management considered the Company's credit risk has materially declined.

Transactions with banks of high credit ratings given by international rating agencies are mostly free from credit risks.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized bank loan facilities set out in (b) below.

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

The following table details the Company'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 Company 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 for 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.

December 31, 2022

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 127,937	\$ 51,444	\$ 4,961	\$ 2,120	\$ 20,266
Fixed interest rate liabilities	400,872	328,258	-	-	-
Lease liabilities	18,100	223	79,629	276,202	1,190,750
Variable interest rate liabilities	<u>7,687</u>	<u>755,123</u>	<u>633,673</u>	<u>3,462,969</u>	<u>576,365</u>
	<u>\$ 554,596</u>	<u>\$ 1,135,048</u>	<u>\$ 718,263</u>	<u>\$ 3,741,291</u>	<u>\$ 1,787,381</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 97,952</u>	<u>\$ 276,202</u>	<u>\$ 343,179</u>	<u>\$ 343,179</u>	<u>\$ 343,179</u>	<u>\$ 161,213</u>

December 31, 2021

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 125,054	\$ 124,069	\$ 5,185	\$ -	\$ 21,087
Fixed interest rate liabilities	404,596	135,000	-	-	-
Lease liabilities	17,192	223	65,643	265,997	1,192,699
Variable interest rate liabilities	<u>405,873</u>	<u>9,433</u>	<u>618,550</u>	<u>3,909,960</u>	<u>462,358</u>
	<u>\$ 952,715</u>	<u>\$ 268,725</u>	<u>\$ 689,378</u>	<u>\$ 4,175,957</u>	<u>\$ 1,676,144</u>

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 83,058</u>	<u>\$ 265,997</u>	<u>\$ 325,015</u>	<u>\$ 325,015</u>	<u>\$ 325,015</u>	<u>\$ 217,654</u>

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 973,000	\$ 830,000
Amount unused	<u>2,607,000</u>	<u>2,880,000</u>
	<u>\$ 3,580,000</u>	<u>\$ 3,710,000</u>
Secured bank overdraft facilities:		
Amount used	\$ 4,961,250	\$ 4,952,750
Amount unused	<u>275,000</u>	<u>531,000</u>
	<u>\$ 5,236,250</u>	<u>\$ 5,483,750</u>

33. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in the other notes, details of transactions between the Company and related parties are as follows.

a. Related party name and category

Related Party Name	Related Party Category
Taiwan Cement Corporation	The Company acts as a member of the board of directors (B.O.D.)
Tong Yang Chia Hsin International Corporation	Subsidiary
Chia Hsin Property Management & Development Corporation	Subsidiary
Chia Pei International Corporation	Subsidiary

(Continued)

Related Party Name	Related Party Category
Jaho Life Plus+ Management Corp., Ltd.	Subsidiary
YJ International Corporation	Subsidiary
CHC Ryukyu Development GK	Subsidiary
CHC Ryukyu COLLECTIVE KK	Subsidiary
Chia Hsin Construction & Development Corp.	Associate
LDC ROME HOTELS S.R.L.	Associate
La Trinite Naturelle Corp.	Substantive related party

(Concluded)

b. Revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Service revenue	Subsidiaries (1)		
	Chia Hsin Property Management & Development Corporation	\$ 6,960	\$ 6,960
	Chia Pei International Corporation	2,775	2,775
	Tong Yang Chia Hsin International Corporation	3,036	3,036
	CHC Ryukyu COLLECTIVE KK	5,907	5,489
	CHC Ryukyu Development GK	12,098	794
	Jaho Life Plus+ Management Corp., Ltd.	<u>3,120</u>	<u>3,120</u>
		<u>\$ 33,896</u>	<u>\$ 22,174</u>
Other revenue	The Company acts as a member of B.O.D.		
	Taiwan Cement Corporation (2)	\$ 33,372	\$ 36,615
	Subsidiaries		
	Chia Pei International Corporation (3)	<u>88,313</u>	<u>93,615</u>
		<u>\$ 121,685</u>	<u>\$ 130,230</u>

- 1) The Company's service revenue comes from the management services provided to the related parties, and the content of the services is determined by agreement. The fee is paid monthly and the receipt is issued in current month.
- 2) To ensure the smooth operation of cement silo in wharf No. 33 of the west bank in the Port of Keelung, the Company signed a management agreement with its associates. The fee is settled monthly and the receipt is issued in the next month.
- 3) To ensure the smooth operation of the wharf in the Port of Taipei and the facilities in the base, the Company signed an agreement with its subsidiaries for logistic and warehouse service and cooperative management in the port. The service fee is determined by taking the Company's investment and remuneration into consideration. Since April 1, 2020, the calculation of fee has been changed to be based on the amount per ton. The fee is settled monthly and paid quarterly. The receipt is issued in the same month when the fee is settled.

c. Cost of goods sold

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Purchases of goods	The Company acts as a member of the B.O.D. Taiwan Cement Corporation	\$ 544,950	\$ 696,400
Other operating cost	Subsidiaries Tong Yang Chia Hsin International Corporation (1) Chia Pei International Corporation (2)	\$ 59,974 14,991	\$ 69,045 18,634
		\$ 74,965	\$ 87,679

The purchase prices and payment terms to related parties were not significantly different from those of purchase from third parties. The payment term is 60 days after the purchase of goods.

- 1) To ensure the smooth operation of cement silo in wharf No. 33 of the west bank in the Port of Keelung, the Company signed a management agreement with its subsidiaries. The fee is billed monthly and paid in the next month. In addition, to supply cement to Taichung and its surrounding area, the Company signed an agreement with its subsidiaries in 2003 for the logistic and warehouse service. The stock and distribution center in wharf No. 27 in the Port of Taichung takes charge of such service. The fee is settle monthly and paid in the next month.
- 2) The Company consigned partial warehousing and storage services in Port of Taipei to its subsidiaries. The fee is billed at the end of each quarter and paid in the next month.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	The Company acts as a member of the B.O.D. Taiwan Cement Corporation	\$ 3,206	\$ 10,064
	Subsidiaries Chia Pei International Corporation	4,564	5,085
	Others	1,867	1,646
		\$ 9,637	\$ 16,795
Other receivables	Subsidiaries Tong Yang Chia Hsin International Corporation	\$ 513	\$ 3,495
	Chia Hsin Property Management & Development Corporation	4,213	4,625
	Others	-	25
	Associates	68	317
		\$ 4,794	\$ 8,462

(Continued)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other receivables under linked-tax system (other receivables from related parties)	Subsidiaries Chia Hsin Property Management & Development Corporation	<u>\$ 31,446</u>	<u>\$ 35,512</u>
(Concluded)			

The outstanding trade and other receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on trade and other receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Subsidiaries The Company acts as a member of the B.O.D. Taiwan Cement Corporation	\$ 5,862 <u>83,160</u>	\$ 5,664 <u>123,932</u>
		<u>\$ 89,022</u>	<u>\$ 129,596</u>
Other payables	Subsidiaries Chia Hsin Property Management & Development Corporation Others Substantive related parties	\$ 19,818 - -	\$ 20,715 112 <u>72</u>
		<u>\$ 19,818</u>	<u>\$ 20,899</u>

The outstanding trade and other payables to related parties are unsecured.

f. Loans to related parties

The Company provided its associates, LDC ROME HOTELS S.R.L., with unsecured abovementioned loans at rates comparable to market interest rates. The related party paid off the principal and interest in full on May 31, 2021.

For the years ended December 31, 2021, the interest income from the loans was \$112 thousand.

g. Sublease arrangements

Sublease arrangements under finance lease

The Company subleases its right-of-use assets on the wharf and the facilities in the Port of Taipei to its associate - Chia Pei International Corporation with a lease term of 35 years and 5 months, and the net investment in the leases was \$1,358,230 thousand at the inception of the lease. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on finance lease receivable from related parties.

Line Item	Related Party Category/Name	December 31	
		2022	2021
Finance lease receivables	Subsidiaries		
	Chia Pei International Corporation	\$ <u>1,320,310</u>	\$ <u>1,285,566</u>

Interest income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiaries		
Chia Pei International Corporation	\$ <u>20,117</u>	\$ <u>20,132</u>

h. Other related party transactions

1)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Rental expense	Subsidiaries	\$ <u>9,372</u>	\$ <u>9,372</u>
Operating expense - entertainment	Substantive related parties	\$ <u>989</u>	\$ <u>950</u>
Operating expense - others	Substantive related parties	\$ <u>6</u>	\$ <u>-</u>
The remuneration of directors and supervisors (other income)	Subsidiaries	\$ 4,713	\$ 8,119
	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	26,220	25,696
	Others	657	309
	Associates	<u>137</u>	<u>436</u>
		\$ <u>31,727</u>	\$ <u>34,560</u>

The Company leased office from its subsidiaries; and the lease agreements were negotiated by both sides of the parties. The lease payment is due monthly.

The Company served as director of related parties. The remuneration of directors and supervisors is certified and distributed by the B.O.D. in the next year under each related parties.

2)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Dividends (the credit item of investments accounted for using the equity method)	Subsidiaries	\$ 511,233	\$ 2,021,027
	Associates	<u>37,751</u>	<u>15,729</u>
		<u>\$ 548,984</u>	<u>\$ 2,036,756</u>
Dividends revenue	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	<u>\$ 217,703</u>	<u>\$ 733,777</u>

i. Endorsements and guarantees

Endorsements and guarantees provided by the Company

	December 31			
	2022		2021	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
CHC Ryukyu Development GK	\$ 269,584	\$ 766,920	192,400	408,850
CHC Ryukyu COLLECTIVE KK	1,162,000	1,525,955	1,202,500	1,322,750
Associates				
LDC ROME HOTELS S.R.L.	<u>314,112</u>	<u>340,000</u>	<u>300,672</u>	<u>340,000</u>
	<u>\$ 1,745,696</u>	<u>\$ 2,632,875</u>	<u>\$ 1,695,572</u>	<u>\$ 2,071,600</u>

Endorsements and guarantees given by the subsidiaries

	December 31			
	2022		2021	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
Chia Hsin Property Management & Development Corporation	<u>\$ 5,051,250</u>	<u>\$ 6,440,000</u>	<u>\$ 5,052,750</u>	<u>\$ 6,640,000</u>

For the years ended December 31, 2022 and 2021, the service fee on the endorsements and guarantees between the Company and subsidiaries are as follows:

	Endorsements and Guarantees Provided by the Company (Other Income)		Endorsements and Guarantees Provided by Related Parties (Other Gains and Losses)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Subsidiaries				
Chia Hsin Property Management & Development Corporation	\$ -	\$ 11	\$ 18,842	\$ 19,698

The Company signed short and medium-term guaranteed loan contracts with First Commercial Bank, Cathay United Bank, Bank SinoPac, China Trust Commercial Bank and Taiwan Cooperative Bank. The loans are secured by the land and the buildings of subsidiaries.

j. Remuneration of key management personnel

The Remuneration of key management personnel are as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 51,504	\$ 54,000
Share-based payment	-	3,816
	<u>\$ 51,504</u>	<u>\$ 57,816</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and with reference to market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The amounts of restricted assets of the Company that were provided as guarantees are as follows:

	December 31	
	2022	2021
Financial assets at amortized cost - non-current	<u>\$ 9,476</u>	<u>\$ 9,476</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

a. Significant commitments

As of December 31, 2022 and 2021, the Company had bank guarantees of \$139,288 thousand and \$153,034 thousand issued under its name for the operations in the ports, respectively.

- b. The East Wharf No. 15 in the Port of Taipei collapsed on January 21, 2019, then Port of Keelung, Taiwan International Ports Corporation Ltd. ("Ports Corporation") repaired the wharf which was completed on November 12, 2020. Ports Corporation claimed against Chia Hsin Cement Corporation compensation for the related repair expenses in the amount of \$116,791 thousand. According to the legal advice to the Company, the management expects an unfavorable outcome of the litigation to be less likely to occur.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,328	30.71 (USD:NTD)	\$ 869,946
HKD	931	3.9324 (HKD:NTD)	3,661
EUR	53	32.72 (EUR:NTD)	1,737
JPY	3,322,244	0.2324 (JPY:NTD)	772,090
Non-monetary items			
Investments accounted for using the equity method			
EUR	10,300	32.72 (EUR:NTD)	337,024
USD	79,154	30.71 (USD:NTD)	2,430,831
Financial assets at FVTPL			
USD	10,889	30.71 (USD:NTD)	334,409
HKD	9,937	3.9324 (HKD:NTD)	39,077
EUR	4,720	32.72 (EUR:NTD)	154,440

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,640	27.68 (USD:NTD)	\$ 931,165
HKD	20	3.5506 (HKD:NTD)	71
EUR	5,474	31.32 (EUR:NTD)	171,459
JPY	2,884,259	0.2405 (JPY:NTD)	693,664

(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Non-monetary items			
Investments accounted for using the equity method			
EUR	\$ 9,232	31.32 (EUR:NTD)	\$ 289,131
USD	82,337	27.68 (USD:NTD)	2,279,077
Financial assets at FVTPL			
USD	10,141	27.68 (USD:NTD)	280,693
HKD	14,178	3.5506 (HKD:NTD)	50,340
			(Concluded)

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange losses (gains) were \$68,895 thousand and \$(105,687) thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of functional currencies.

37. OTHERS

a. Important contracts

The Company as lessee leased the East Wharf Nos. 13, 14 and 15 in the Port of Taipei from Taiwan International Ports Co., Ltd. and committed to constructing East Wharf No. 16 and its related office, silos and transportation equipment. The leased land is 65,000 square meters and is used in the operation of the subsidiary, Chia Pei International Corporation, to load and unload coal, sandstone, bulk and others. The lease term is 35 years and 5 months from December 10, 2009, the date of the transfer of the titles of related constructed equipment to Taiwan International Ports Co., Ltd. The annual minimum guaranteed volume for transportation is 1,200 thousand tons of coal and 5,950 thousand tons of sandstone.

The Company settled with Taiwan International Ports Co., Ltd. on December 27, 2016, and agreed that the Company's annual guaranteed transportation volume of sand and gravel can be replaced by the actual transportation of coal or other bulk cargoes during the year. (The annual replaceable limit shall be 4,050 thousand tons of guaranteed volume for transporting eastern sand and gravel to the north).

To promote the transporting of eastern sand and gravel to the north, Taiwan International Ports Co., Ltd. suspended Company's priority right to berth and provided Cargo the choice to berth their sand and gravel at Taipei Port First Bulk Cargo Center or Taipei Port Second Bulk Cargo Center according to their willingness instead. Meanwhile, Taiwan International Ports Co., Ltd. suspended 1,900 thousand tons of guaranteed volume for sand and gravel from January 1, 2020 to December 31, 2023.

- b. The Company entered into a contract with CHC Resources Corporation on December 1, 2014 to jointly operate the storage and transport of slag powder and its related products at the Port of Taipei. The contract term is valid until May 10, 2045. Upon expiration of the contract, CHC Resources Corporation will be given priority to negotiate a new contract under the premise that the Company extends its contract with the Harbor Bureau. CHC Resources Corporation pays various fees to the Company in accordance with the contract. Unless otherwise specified in the contract, in the event that any party cannot perform its contractual obligations (e.g., due to a financial crisis, changes in market supply and demand, or other unforeseeable circumstances), the contract may be terminated in advance with the consent of the other party.

- c. In order to satisfy the demand for cement in the northern part of Taiwan, the Company leased from Taiwan International Ports Co., Ltd. the land measuring 5,900.35 square meters at the West of Wharf No. 33 of the Port of Keelung. The Company committed to building silos, loading and unloading equipment at Wharf No. 33 under the name of Keelung Harbor Bureau, Transportation Department of Taiwan Government, and the title of the property belongs to the Keelung Harbor Bureau, while the Company has the right to use the property free of charge within the lease term for operating the business of loading and unloading, transporting and storing cement. The lease term is 23 years and 9 months from October 7, 2000, the date of the transfer of the titles of related constructed equipment to Keelung Harbor Bureau. The minimum guaranteed transporting volume is 900,000 tons of cement per year and the management fees will be charged based on the minimum guaranteed volume of 900,000 tons regardless if the Company reached the volume or not. The rental is charged based on the average rental rate in the port and 5% of the rental rate published by the Taiwanese government. The Company has priority to lease the property when the lease contract has expired. In addition, during the lease period, the Company should pay the land use and administrative fees monthly, which will be adjusted according to the adjustment of the loading fee in the port.
- d. For the Company's business strategy, the Company entered into a name-borrowing contract with its wholly-owned subsidiary Bluesky Co., Ltd. ("Bluesky"), so the Company may purchase real estate registered under the name of Bluesky. The Company retains the right to manage, use and dispose of the real estate, and Bluesky may not transfer the ownership to third party or create an encumbrance on the real estate without prior written consent from the Company. The original ownership certificate, transfer registration documents, and seal used for registration shall be under the custody of the Company or a person designated by the Company. Bluesky shall handle, manage, use or dispose the real estate in accordance with the instructions of the Company. Any income from the use and/or disposal of the real estate shall belong to the Company. The Company may request to return or transfer part of or the entire ownership of the real estate to the Company or third party designated by the Company at any time. Bluesky guarantees that no third party (including but not limited to the creditors of Bluesky) will petition to seize, hold or claim any other rights over the real estate. In the event a third party petitions to seize, hold or claim any other rights over the real estate, Bluesky shall prevent the third party from exercising or claiming the said rights, and protect the Company from sustaining any damages. Bluesky shall be fully liable for any damages the Company sustains, including but not limited to loss and damage due to being unable to return or transfer ownership of the real estate to the Company or a third party designated by the Company, and reasonable attorney's fees.
- e. Affected by the global COVID-19 pandemic, various epidemic prevention procedures implemented successively by various countries have a slight impact on the Company's business. Although the domestic epidemic has slowed down and government policies have been loosened, the global economic outlook remains uncertain. The Company has adopted relevant actions to reduce the impact on the Company's operations. In addition to maintaining close contact with customers and manufacturers, it is also committed to strengthening employee health management. However, the actual extent of the impact on the Company will be determined by the subsequent development of the epidemic.

In terms of financing strategy, as of December 31, 2022, the unutilized bank financing line of the Company is NT\$2,882,000 thousand, and the Company has no concerns about financing difficulties. As the epidemic slows down and policies loosen, the Company expects operations will return to normal gradually. The Company will continue to monitor the progress of the pandemic and adjust relevant tactics as needed. Based on the aforementioned assessment, the epidemic did not have a material impact on the impairment of assets or the continuing operations of the Company.

38. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and b. investees:

- 1) Financing provided to others (None)

- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 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) 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, investment income or 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 area (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, payment terms, and unrealized gains or losses (None):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - 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.
- 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)

TABLE 1

CHIA HSIN CEMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 5)										
0	Chia Hsin Cement Corporation (Note 2)	LDC ROME HOTELS S.R.L. CHC Ryukyu Development GK CHC Ryukyu COLLECTIVE KK	f. b. b.	\$ 7,747,805 (Paid-in capital) 7,747,805 (Paid-in capital) 7,747,805 (Paid-in capital)	\$ 340,000 766,920 1,525,955	\$ 340,000 766,920 1,525,955	\$ 314,112 269,584 1,162,000	\$ - - -	1.69% 3.69% 7.17%	\$ 21,285,995 21,285,995 21,285,995	No Yes Yes	No No No	No No No
1	Chia Hsin Property Management & Development Corporation (Note 3)	Chia Hsin Cement Corporation	c.	21,285,995	6,640,000	6,440,000	5,051,250	6,440,000	30.25%	21,285,995	No	Yes	No
2	Jiaho Life Plus+ Management Corp., Ltd. (Note 4)	Gemcare Maternity Center Gemcare Duihua Maternity Center	a. a.	26,686 31,552	2,500 1,000	2,500 1,000	2,500 1,000	2,500 1,000	0.01% 0.00%	400,000 400,000	No No	No No	No No

Note 1: a. The Company is coded "0."

b. The investees are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The amounts of guarantee to any individual entity shall not exceed the paid-in capital of the Company. The total amount of guarantees shall not exceed the net worth of the Company.

Note 3: The amount of guarantees from Chia Hsin Property Management & Development Corporation shall not exceed the net worth of the Company.

Note 4: The amounts of guarantees from Jiaho Life Plus+ Management Corp., Ltd. shall not exceed the paid-in capital of the company. The amounts of guarantee to any individual entity shall not exceed the half of paid-in capital of the company. The amounts of guarantee for the business relationship shall not exceed the total amount of transaction one operating cycle.

Note 5: The seven types of relationships between the endorser/guarantor and endorsee/guaranteee indicated as numbers in the table above are as follows:

- Having a business relationship.
- The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guaranteee.
- The endorsee/guaranteee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- The endorser/guarantor owns directly or indirectly more than 90% of the ordinary shares of the endorsee/guaranteee.
- Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guaranteee in proportion to its ownership.
- Companies in the same industry that are liable for joint endorsements/guarantees of the preconstruction house contract under the consumer protection law.

TABLE 2

CHIA HSIN CEMENT CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(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, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Chia Hsin Cement Corporation	Shares Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	8,513,782	\$ 286,489	0.12	\$ 286,489
	Asia Cement Corporation		Financial assets at FVTPL - current	71	3	-	3
	Foreign shares Anhui Conch Cement Co., Ltd.		Financial assets at FVTPL - current	364,000	39,077	0.01	39,077
	Foreign fund Greenwoods Golden China Fund		Financial assets at FVTPL - current	3,340	29,117	-	29,117
	JPMorgan Funds - Russia		Financial assets at FVTPL - current	81,593	-	-	-
	JPMorgan Funds - ASEAN Fund		Financial assets at FVTPL - current	2,697	11,844	-	11,844
	JPMorgan Funds - Pacific Technology Fund		Financial assets at FVTPL - current	3,769	8,166	-	8,166
	The Partners Fund - Class N-N (SERIES 27)		Financial assets at FVTPL - current	2,453	100,192	-	100,192
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC-Class A ACC-(Series 14)		Financial assets at FVTPL - current	1,420	68,091	-	68,091
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC-Class A ACC-(Series 30)		Financial assets at FVTPL - current	1,147	54,989	-	54,989
	Gopher US Venture Fund III		Financial assets at FVTPL - current	-	62,010	-	62,010
	Barrings Europe Core Property Fund		Financial assets at FVTPL - current	4,115	154,440	-	154,440
	Shares Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - current	27,939,039	940,149	0.38	940,149
	CHC Resources Corporation		Financial assets at FVTOCI - current	4,285,694	197,142	1.72	197,142
	Chien Kuo Construction Co., Ltd.		Financial assets at FVTOCI - current	771,256	8,792	0.31	8,792
	Shares Taiwan Cement Corporation		Financial assets at FVTOCI - non-current	203,176,955	6,836,905	2.76	6,836,905
	B Current Impact Investment Fund 3	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	1,000,000	10,000	10.00	10,000
	Pan Asian (Engineers & Constructors) Corporation		Financial assets at FVTOCI - non-current	2,718,217	29,438	2.38	29,438
	Chia Hsin Ready-Mixed Concrete Corporation		Financial assets at FVTOCI - non-current	12,718,440	254,115	13.71	254,115

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Tong Yang Chia Hsin International Corporation	Overseas Investment & Development Corp.		Financial assets at FVTOCI - non-current	2,000,000	\$ 16,540	2.22	\$ 16,540
	Smart Ageing Tech Co., Ltd.		Financial assets at FVTOCI - non-current	3,600,000	63,072	10.62	63,072
	Gping Wellness Co., Ltd.		Financial assets at FVTOCI - non-current	494,512	85,654	18.00	85,654
	Asia Pacific Gongshanglian Corporation Limited		Financial assets at FVTOCI - non-current	21,090	-	0.03	-
	Chia Hsin Livestock Corp.		Financial assets at FVTOCI - non-current	6,600,000	-	1.17	-
	Huatung Heping River Mining Industry Development Co., Ltd.		Financial assets at FVTOCI - non-current	9,350	-	1.87	-
	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	14,949,915	503,065	0.20	503,065
	<u>Shares</u> Taiwan Cement Corporation		Financial assets at FVTOCI - current	35,700,561	1,201,324	0.49	1,201,324
	Chia Hsin Cement Corporation	The Company acts as a member of the B.O.D. Parent company	Financial assets at FVTOCI - non-current	127,370,320	2,216,244	16.43	2,216,244
	Taiwan Cement Corporation		Financial assets at FVTOCI - non-current	66,262,371	2,229,728	0.90	2,229,728
	IBT Second Venture Capital Co., Ltd.	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	725,493	5,398	2.30	5,398
	Kaohsiung Tug and Port Service Corp.		Financial assets at FVTOCI - non-current	350,000	2,880	0.88	2,880

Note 1: For the information about subsidiaries, associates and joint ventures, refer to Table 5 and Table 6.

Note 2: All the marketable securities as shown above have not been pledged as collateral.

(Continued)

TABLE 3

CHIA HSIN CEMENT CORPORATION

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, 2022
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes Receivable (Payable)/Trade Receivables (Payables)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Ending Balance	% of Total	
Chia Hsin Cement Corporation	Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Purchases	\$ 544,950	52	60 days from the purchase day	N/A (equal to the price for other clients)	\$ (83,160)	(54)	

TABLE 4

CHIA HSIN CEMENT CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Chia Hsin Cement Corporation	Chia Pei International Corporation	Subsidiary	\$ 1,320,310 (Note 1)	-	\$ -	-	\$ -	-

Note 1: The amount is finance lease receivable from the sublease of the wharf in the Port of Taipei.

Note 2: The amount received in subsequent period as of March 9, 2023.

TABLE 5

CHIA HSIEN CEMENT CORPORATION

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022		Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	%			
Chia Hsin Cement Corporation	Chia Hsin Construction & Development Corp.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Office buildings construction and lease and sale of public housings	\$ 656,292	\$ 656,292	31,458,920	46.18	\$ 4,490	\$ 1,246	(Notes 3 and 4)
	Tong Yang Chia Hsin International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	General international trade (all business items that are not prohibited or restricted by law, except those that are subject to special approval)	1,600,159	1,600,159	257,073,050	87.18	53,275	46,445	Subsidiary
Chia Hsin Property Management & Development Corporation	Chia Hsin Property Management & Development Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Wholesale and retail business of machinery; warehousing; residence, factory buildings and office buildings; leasing and selling; PPE leasing and selling	1,000,000	1,000,000	100,000,000	100.00	120,130	120,130	Subsidiary
	Chia Pei International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Mining; sale of building materials; international trade; real estate; retail sale of building materials; international trade; rental and leasing business; retail sale of other machinery and equipment	120,000	120,000	19,560,000	100.00	(20,829)	(20,829)	Subsidiary
BlueSky's Co., Ltd.	BlueSky's Co., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; real estate trading; real estate leasing	81,561	81,561	8,300,000	100.00	934	934	Subsidiary
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	969,104	969,104	19,186,070	74.16	2,759	2,045	Subsidiary
YJ International Corporation	YJ International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Real estate rental and leasing; real estate management; realtor agent	2,280,000	2,280,000	228,000,000	100.00	(310,493)	(310,493)	Subsidiary
	Jaho Life Plus+ Management Corp., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Management consulting service	400,000	400,000	40,000,000	100.00	(62,812)	(62,812)	Subsidiary
LDC ROMEO HOTELS S.R.L.	LDC ROMEO HOTELS S.R.L.	Rome, Italy	Hotel management	NTS 758,795 (EUR 18,620,000)	NTS 710,087 (EUR 17,070,000)	-	40.00	337,024	(41,651)	(Note 3)
	L Hotel De Chine Corporation	11E, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Hotel and tourism	1,157,340	1,157,340	67,998,915	23.10	1,219,545	160,445	(Notes 3 and 4)
International Chia Hsin Corporation	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	69,341	69,341	5,800,000	19.33	(12,999)	(2,513)	
	Chia Shang Construction Corp.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Wholesale and retail business of machinery; residence, factory buildings and office buildings; leasing and selling; PPE leasing and selling	250,000	250,000	25,000,000	100.00	10,063	10,063	Subsidiary
Chung Nang Technology Co., Ltd.	Chung Nang Technology Co., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Energy; technology service	5,000	-	500,000	100.00	4,990	(10)	Subsidiary
	CHC Ryukyu Development GK	2-5-7 Matsuo, Naha-shi, Okinawa, Japan	Real estate rental and leasing; management consulting service	NTS 269,931 (JPY 979,575,335)	NTS 269,931 (JPY 979,575,335)	-	100.00	(4,213)	(4,213)	Subsidiary
Chia Hsin Pacific Limited	CHC Ryukyu COLLECTIVE KK	2-5-7 Matsuo, Naha-shi, Okinawa, Japan	Hotel management	NTS 1,948,968 (JPY 7,020,424,665)	NTS 1,948,968 (JPY 7,020,424,665)	-	100.00	(301,545)	(301,545)	Subsidiary
	Effervesce Investment Pte. Ltd.	Singapore	Investment and holding company	NTS 954,426 (US\$ 31,078,656)	NTS 954,426 (US\$ 31,078,656)	53,274,892	100.00	NTS (35,455) (US\$ -1,189,561)	NTS (35,455) (US\$ -1,189,561)	Subsidiary
Tong Yang Chia Hsin International Corporation	Sparksview Pte. Ltd.	Singapore	Investment and holding company	NTS 88,209 (US\$ 2,872,328)	NTS 88,209 (US\$ 2,872,328)	3,763,350	100.00	NTS 179,117 (US\$ 5,832,524)	NTS 1,410 (US\$ 47,323)	Subsidiary
	International Chia Hsin Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	International trade; general investment	36,642	36,642	6,052,636	20.18	(12,999)	(2,623)	
Chia Hsin Pacific Limited	Tong Yang Chia Hsin Marine Corp.	Panama	Shipping service	NTS 78,490 (US\$ 2,700,000)	NTS 78,490 (US\$ 2,700,000)	2,700	100.00	7,686	7,686	Subsidiary
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	626,119	626,119	6,257,179	24.18	2,759	667	Subsidiary

Note 1: For information on investments in mainland China, refer to Table 6.

Note 2: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2022: (US\$)=NT\$30.710, (JPY)=NT\$8.722, net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=NT\$29.805, (JPY)=NT\$8.0275, (EUR)=NT\$31.360.

Note 3: Material associates.

Note 4: Book value and investment gains and losses include amortization of discounts and premiums.

Note 5: The highest number of shares held of each investee during the period is the same as those held at the end of period, and all the shares held are not pledged as collateral.

TABLE 6

CHIA HSIN CEMENT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, or in Thousands of Foreign Currencies)

a. 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, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1 (a.))	Method of Investment (Note 2)	Accumulated Outward Remittance from Investment as of January 1, 2022 (Note 1 (a.))	Remittance of Funds		Accumulated Outward Remittance from Investment as of December 31, 2022 (Note 1 (a.))	Net Income (Loss) of the Investee (Note 1 (a.))	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 (a.) and Note 5)	Carrying Amount as of December 31, 2022 (Note 1 (a.))	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward (Note 1 (a.))	Inward (Note 1 (a.))							
Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement, concrete and other related products	\$ 259,807 (US\$ 8,460)	b. and c.	\$ 390,693 (US\$ 12,722)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 390,693 (US\$ 12,722)	\$ 7,433 (US\$ 249)	95.23	\$ 7,433 (US\$ 249)	\$ 536,490 (US\$ 17,470)	\$ - (US\$ -)	(Note 1 (b.) (2))
Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement	322,455 (US\$ 10,500)	b.	493,387 (US\$ 16,066)	- (US\$ -)	- (US\$ -)	493,387 (US\$ 16,066)	7,768 (US\$ 261)	95.23	7,768 (US\$ 261)	398,686 (US\$ 12,982)	- (US\$ -)	(Note 1 (b.) (2))
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose	531,590 (US\$ 17,510)	b.	813,723 (US\$ 26,497)	- (US\$ -)	- (US\$ -)	813,723 (US\$ 26,497)	(43,899) (US\$ -1,473)	95.23	(43,234) (US\$ -1,451)	457,563 (US\$ 14,899)	- (US\$ -)	(Note 1 (b.) (2))
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Consulting for management of healthcare and hospitality business	313,071 (RMB 71,000)	e. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(43,279) (RMB -9,759)	95.23	(43,279) (RMB -9,759)	154,360 (RMB 35,007)	- (US\$ -)	(Note 1 (b.) (2))
Jiangsu Gemcare Maternity (Yangzhou) Co., Ltd.	Maternity and infant health care; sales of mother & baby supplies; life & beauty services	220,472 (RMB 50,000)	e. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(28,335) (RMB -6,389)	95.23	(28,335) (RMB -6,389)	137,102 (RMB 31,093)	- (US\$ -)	(Note 1 (b.) (2))
Jiangsu Gemcare Maternity (Suzhou) Co., Ltd. (Note 6)	Maternity and infant health care; sales of mother & baby supplies; life & beauty services	- (RMB -)	e. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(11,760) (RMB -2,652)	-	(11,760) (RMB -2,652)	- (RMB -)	- (US\$ -)	(Note 1 (b.) (2))
Jiangsu Jiaguo Construction Material Storage Co., Ltd.	Engaging in overland delivery of ordinary goods and the processing, manufacturing and selling of cement and other construction material	122,840 (US\$ 4,000)	d.	425,241 (US\$ 13,847)	- (US\$ -)	- (US\$ -)	425,241 (US\$ 13,847)	3,790 (US\$ 127)	87.18	3,790 (US\$ 127)	177,976 (US\$ 5,795)	- (US\$ -)	(Note 1 (b.) (2))
Jiangsu Chia Hsin Real Estate Co., Ltd.	Developing and selling real estate and providing property management service	44,094 (RMB 10,000)	e. Investor: Jiangsu Jiaguo Construction Material Storage Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(299) (RMB -67)	87.18	(299) (RMB -67)	51,146 (RMB 11,599)	- (US\$ -)	(Note 1 (b.) (2))

(Continued)

- b. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Notes 3 and 4)
\$ 7,053,104 (US\$ 229,668)	\$ 7,128,528 (US\$ 232,124)	\$ 13,199,656

- c. Significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area: None.

Note 1: a. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2022: US\$1=NT\$30.710, RMB1=NT\$4.409445; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=NT\$29.805, RMB1=NT\$4.434741.

- b. The basis for investment income (loss) recognition includes the following:

- 1) The investment income (loss) is recognized based on the financial statements audited and attested by an international accounting firm which has cooperative relationship with an accounting firm in the ROC.
- 2) The investment income (loss) is recognized based on the financial statements audited and attested by the parent company's CPA in the ROC.
- 3) Other

Note 2: The method of investment includes the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invests in Effervesce Investment Pte. Ltd., the company that invests in mainland China.
- c. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Chia Hsin Pacific Limited, which then invests in Sparksview Pte. Ltd., the company that invests in mainland China.
- d. Indirect investment in mainland China through companies registered in a third region. The Company and Tong Yang Chia Hsin International Corporation invest in Tong Yang Chia Hsin Marine Corp., which then invests in mainland China.
- e. Other method.

Note 3: Calculated by the 60% of consolidated net worth of Chia Hsin Cement Corporation according to the letter No. 09704604680 issued by Ministry of Economic Affairs.

Note 4: The Company conducted a stock-for-stock transaction with Taiwan Cement Corporation to get rid of the investment via TCC International Holdings Ltd. in mainland China. The result of the stock-for-stock transaction will be a decrease in investment in mainland China. On May 17, 2018, the aforementioned write-off of the amount and the ratio of investment was approved by the Investment Commission, Ministry of Economic Affairs.

Note 5: Including the gains and losses recognized by using the equity method and the gains and losses on internal unrealized transactions.

Note 6: The liquidation of the Company was resolved by the board of directors on June 20, 2022. The cancellation of registration was completed on September 19, 2022.

Note 7: Expected for Jiapeng Gemcare Maternity (Suzhou) Co., Ltd. Of which the highest number of shares is RMB15,000 thousand during the period, the highest number of Shares held of each investee during the period was the same as the those held at the end of the period and all the Shares held are not pledged as collateral.

(Concluded)

TABLE 7

CHIA HSIN CEMENT CORPORATION

**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tong Yang Chia Hsin International Corporation	127,370,320	16.43
Sung Ju Investment Corp.	68,780,239	8.87
Yung-Ping Chang	41,748,178	5.38

Note: The information of major shareholders comes from the summary of shareholders holding more than 5% of total ordinary and special shares registered as dematerialized security (including treasury shares) in the centralized securities depository enterprise as of the last business day of the reporting period. Based on different calculation method, the number of shares recorded in the financial statements could be different from that registered as dematerialized security.

6.6 Impact on the Company's Financial Position for the Occurrence of Financial Difficulties of the Company and its Affiliates in the Past Year and up to the Publication Date of this Annual Report

None.



Review and Analysis of Financial Position, Financial Performance, and Risk Management

7.1 Financial Position

Unit: NTD thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current Assets	10,395,347	11,156,660	(761,313)	(7)
Property, Plant and Equipment	4,848,433	5,282,102	(433,669)	(8)
Other Assets	21,168,534	23,808,889	(2,640,355)	(11)
Total Assets	36,412,314	40,247,651	(3,835,337)	(10)
Current Liabilities	3,431,484	2,789,328	642,156	23
Non-current Liabilities	10,981,403	11,548,090	(566,687)	(5)
Total Liabilities	14,412,887	14,337,418	75,469	1
Share Capital	7,747,805	7,747,805	-	-
Capital Surplus	1,238,426	1,139,296	99,130	9
Retained Earnings	10,566,464	11,237,099	(670,635)	(6)
Other Equity	2,811,250	5,979,118	(3,167,868)	(53)
Treasury Shares	(1,077,950)	(1,077,950)	-	-
Total Equity Attributable to Owners of the Company	21,285,995	25,025,368	(3,739,373)	(15)
Non-controlling Interests	713,432	884,865	(171,433)	(19)
Total Equity	21,999,427	25,910,233	(3,910,806)	(15)

Analysis of difference ratio reaching 20% or above:

1. Increase of current liabilities: Mainly due to the increase of short-term borrowings.
2. Decrease of other equity: Mainly due to the decrease of unrealized gain on financial assets at fair value through other comprehensive income.

Future Response Plan: Performance of Hotel Collective that located in Okinawa, the Company's transition business, has rebounded as the epidemic situation improves in various countries and the opening of the pandemic restrictions, which greatly improves the financial of the Group's business operation and the results of the transition are gradually emerging. Non-operating financial assets investment are mainly strategic investments, and the Company will constantly focus on the impact of their share prices and dividends.

7.2 Financial Performance

Unit: NTD thousands

Item	Year	2022	2021	Difference	
				Amount	%
Operating Revenue		2,253,659	2,220,254	33,405	2
Operating Cost		2,121,073	2,189,455	(68,382)	(3)
Gross Profit		132,586	30,799	101,787	330
Operating Expenses		527,956	556,435	(28,479)	(5)
Net Other Income and Expenses		-	-	-	-
(Loss) Profit from Operations		(395,370)	(525,636)	130,266	25
Non-Operating Income and Expenses		274,068	1,345,156	(1,071,088)	(80)
Profit Before Income Tax from Continuing Operations		(121,302)	819,520	(940,822)	(115)
Income Tax Expense		(52,584)	(71,985)	19,401	27
Net Profit from discontinued operations		-	-	-	-
Net Profit for the Year		(173,886)	747,535	(921,421)	(123)

Analysis of difference ratio reaching 20% or above:

1. Increase of gross profit and (loss) profit from operations: Mainly due to the slowed down of Coronavirus in 2022 and with the gradual relaxation of relevant control measures, resulting in increase of revenue of Hotel Collective, and resulting in increase of gross profit and decrease of loss from operations.
2. Decrease of non-operating income and expense, profit before income tax from continuing operations, income tax expense and net profit for the year: Mainly due to the decrease of dividends and the recognition of subsidiary liquidation gains of Yonica Pte. Ltd. in 2021.

Future Response Plan: Performance of Hotel Collective that located in Okinawa, the Company's transition business, has rebounded as the epidemic situation improves in various countries and the opening of the pandemic restrictions, which greatly improves the financial of the Group's business operation and the results of the transition are gradually emerging. Non-operating financial assets investment are mainly strategic investments, and the Company will constantly focus on the impact of their share prices and dividends.

7.3 Cash Flow

1. Analysis of Cash Flow Changes for the Past Year

Unit: NTD thousands

Beginning Cash and Cash Equivalents	Annual Net Cash Flow from Operating Activities	Annual Net Cash Flow from Investing and Financing Activities	Cash Surplus (Insufficiency)	Remedial Measures for Cash Insufficiency	
				Investment Plans	Financing Plans
3,685,347	(391,837)	1,169,886	4,463,396	-	-

1. Analysis of change in cash flow in the current year:
 - (1) Operating activities: Mainly due to decrease in cement sale and increase in ending inventory.
 - (2) Investment and Financing activities: Mainly due to the financial structure adjustment of decreasing in financial assets at amortized cost.
2. Remedial measures for insufficient cash: NA.

2. Analysis of Cash Flow Changes for the Past Two Years

Item	Year	2022	2021	Difference (%)
Cash Flow Ratio (%)		0.00%	0.00%	-
Cash Flow Adequacy Ratio (%)		5.55%	10.30%	(46)
Cash Reinvestment Ratio (%)		0.00%	0.00%	-

Explanation of difference:

The decrease of cash flow adequacy ratio: Mainly due to increase in cement inventory in 2022.

3. Analysis of Cash Liquidity for the Coming Year

Unit: NTD thousands

Beginning Cash and Cash Equivalent	Estimated Net Cash Flows from Operating Activities	Estimated Cash Flows from Investing and Financing Activities	Cash Surplus (Insufficiency)	Remedial Measures for Cash Insufficiency	
				Investment plans	Financing plans
4,463,396	(107,976)	(846,623)	3,508,797	-	-

Analysis of cash liquidity in the coming year:

Based on the Company's 2023 internal budget, a stable operating performance is expected and there will be no shortage of capital in the coming year.

7.4 Impact of Major Capital Expenditures on Financial Position and Operation in the Past Year

In 2022, the Company paid of RMB 8.65 million for the Interior construction for the postpartum centers in Yangzhou and Suzhou, China, and paid JPY 400 million on design fees and other capital expenditures for the Toyosaki, Okinawa project.

7.5 Investment Policies in the Past Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Capital Expenditures are based on the Company's operations and strategic goals. Relevant departments provide summarized professional information, and make evaluation recommendations to the responsible supervisors. After the investment proposal is generated, the Company will then evaluate the past and future prospects of the invested company, the market situation, and the governance of the company to serve as the basis for the investment decisions.

In the fiscal year 2022, LDC Rome Hotels S.R.L. had a net loss of NTD 42 million, a decrease of NTD 62 million compared to the previous year. This was mainly due to the increased vaccination rate and the trend of COVID-19 becoming more like the flu, which

significantly reduced the fatality rate. As a result, the Italian government canceled related epidemic prevention measures and lifted border controls, leading to a significant increase in the number of operating days of the hotel in 2022 compared to the previous year, and thus improving the losses. Additionally, LDC Hotels and Resorts had a net profit of NTD 624 million in fiscal year 2022, mainly due to the relatively stable global COVID-19 epidemic, which drove hotel business growth. In addition, the recognition of gains from the sale of Chateau de Chine Hotel Taoyuan and gains from foreign exchange contributed to non-operating profits, allowing LDC Hotels and Resorts to turn its losses into profits in fiscal year 2022. Chia Hsin Construction & Development Corp, which the company holds a 46.18% stake, had a profit of NTD 4.5 million in fiscal year 2022, a significant decrease of 96% from the previous year. This was mainly due to the impact of the volatile domestic and international capital markets, which resulted in the recognition of gains and losses on financial assets.

7.6 Analysis of Risk Management

7.6.1 Impact of Changes in Interest Rates, Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

The main type of financing loan within the Group is long-term loan. The Company closely monitors the financial markets, the Group's overall operation needs and its financial status, as well as the interest rate trend in order to determine on the most effective financial instruments to cope with the interest rate risks.

Covid-19 has caused a significant challenge for global supply chains, leading countries to implement economic lockdown restrictions and other control measures for effective epidemic prevention. Meanwhile, the Russia-Ukraine war dramatically disrupted supply chains which pushed up global inflation. Therefore, central banks around the world are using tight monetary policy in response. The US Fed has announced interest rate hike of 17 basis points in 2022 and ended the result of strengthening the US dollar. Moreover, increasing rates has dragged the market into turmoil, including stock, bond and foreign exchange, and markets are more volatile than before. Under the stress of inflation, rising interest rates are the major implementation of monetary policy on global economies. The business will tend to slow down investments because high interest rate will make loans more expensive in 2023. It might cause to companies' profit declining and also depress economic activity generally.

In the shape of domestic financial environment, although inflation is spiking around the world, we have lighter stress of it since the price is stable under valorization policy. To protect the economy impact of Fed's rising interest rate and US dollar strength, the central bank not only lifted 2.5 basis points but also increased the reserve ratio to control money supply in the market. In 2023, annual growth rate of CPI in Taiwan would be 1.97% (estimated by DGBAS, Executive Yuan), which minimizes the risks. However, we should

be cautious and aware of the domestic interest rate and exchange rate could constantly fluctuating since geopolitical tensions and inflation are still straggling.

In summary, the corresponding measures taken by the Company for the changes in interest rates and foreign exchange rates are as follows:

1. To avoid risks derived from the fluctuation of foreign exchange rates, the Company undertakes loans from local banks in the country of operations. The Company also has long-term loans along with capital injection as the primary funding source for its capital expenditures to avoid volatility risks from the interest rate markets.
2. To effectively manage its foreign currency position, the Company constantly focuses on the global foreign exchange market movements and takes appropriate hedging strategies. A diversified foreign currency deposits portfolio is implemented in order to meet with the Company's capital requirements.

In order to keep abreast of the global economy and financial markets, the Company assigns its employees to attend workshops held by the financial institutions on global economic outlooks, currency hedging instruments, foreign exchange trading and analysis etc. By participating in such sessions, employees will become more sensitive to changes in the financial markets and are equipped to propose valid risk management strategies against the volatilities in both interest rate and foreign exchange rate markets.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-Risk, High-Leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company does not engage in any high-risk or high-leveraged investment. Whenever engaging in lending or offering endorsement and guarantees to counterparties, the Company acts in compliance with its policies on "Procedures for Acquisition or Disposal of Assets" and "Procedures for Lending, Endorsement and Guarantee".

7.6.3 Future Research & Development Projects and Corresponding Budget:

None.

7.6.4 Impact of and Response Measures to Major Changes in Policies and Regulations Relating to Corporate Finance and Operation

Each department of the Company monitors the changes of laws and decrees or any other major policies at home and abroad, alerts matters of attention, and evaluates potential impacts on the Company. Beginning 2019, the Legal Division has issued legal

affairs newsletters to announce legal and major policy changes on a regular basis. In addition, Human Resources Division also has published human resources updates through its newsletters since early 2020. Whenever necessary, attorneys, accountants, or other professionals were consulted for their opinions on the relevant impacts on the Company caused by changes in policies and regulations. Based on these above professional evaluations and recommendations, the Company acts predominantly in line with regulation updates and hence minimizes those impacts on its finance and operation.

7.6.5 Impact of and Response Measures to Changes in Technology (including information security risks) and Industry Relating to Corporate Finance and Operation

The Board of Directors and management frequently focus on the changes in both technology and industry, adjust the Company's business models as seen fit, and actively employ countermeasures if needed.

1. In response to the ever-increasing network security risks, the Company has upgraded the anti-virus system to an endpoint protection system with both anti-virus and anti-hacking, increasing the cost by 7 times.
2. In order to maintain the safe environment of the computer room, in addition to the regular replacement of the UPS battery, the air conditioners in the computer room are renewed and an environmental monitoring system is installed.
3. In response to the coronavirus disease (COVID-19), in order to maintain business continuity, set up a VPN system for employees who are isolated at home to work remotely. Implement multi-factor authentication with credentials and account verification to ensure connection security.

7.6.6 Impact of Changes in Corporate Image on Crisis Management, and the Company's Response Measures

As the Group enters into the hospitality industry and shifts from the traditional industry, the Company has therefore focused on rebuilding and strengthening its new corporate image since 2019. Professionals were engaged to conduct a campaign, including videos, presentations, and press events specifically targeted towards the general public, media, institutional investors, employees, customers, and shareholders. Stepping into consumer sector has made the Company more cautious and aware of corporate identity management. As social media becomes more prominent, a single negative comment may create significant impacts on the Company's reputation and business performance. To this respect, the Company's Business Strategy Division employs designated public relations personnel who manage corporate identity, monitor external

reviews and propose crisis management strategies in taking promptly measures to prevent the corporate image from potential damages.

7.6.7 Expected Benefits from, Risks Relating to and Response Measures to Merger and Acquisition Plans:

None.

7.6.8 Expected Benefits from, Risks Relating to and Response Measures to Plant Expansion Plans

The Company does not have any plant expansion in progress currently, but its subsidiaries continue to invest in hotels and postpartum care centers. Prior to any investment, the target cases are carefully reviewed and the professional management teams are recruited to be in charge of the investment projects executed.

7.6.9 Risks Relating to and Response Measures to Purchasing and Sales Concentration:

None.

7.6.10 Impact of, Risks Relating to and Response Measures to Mass Share Transfers or Changes in Shareholdings by Directors or Shareholders with 10% Shareholding or more

None.

7.6.11 Impact of, Risks Relating to and Response Measures to the Changes in Management Rights:

None.

7.6.12 Litigation or Non-litigation Matters

A portion of the pier wall at East Wharf 15 of the Taipei Port First Bulk Cargo Center, leased by the Company, collapsed on January 21, 2019 and was detected to be caused by the breakage of the high resistance cable of the sheet pile wharf. Port of Keelung, Taiwan International Ports Co., Ltd. repaired the wharf as the end of 2020 and filed a lawsuit with Keelung District Court in January 2021, claimed against Formosa Petrochemical Co., Ltd., the wharf builder, and the Company, the wharf user, as co-defendant and requested the court to determine the party responsible and pay the related repair costs in the amount of NTD 116,791,000. The case is still at the trial of first instance.

7.6.13 Other Important Risks and Response Measures

In response to the global spread of COVID-19 and management measures:

On January 30th, 2020, the World Health Organization declared COVID-19 a public health emergency of international concern. Apart from the impact on the economy, the international political and social systems have undergone significant changes due to the spread of the pandemic. Since the outbreak of the Coronavirus, which has been more than three years, various countries around the world have actively developed and vaccinated against COVID-19, which has significantly reduced the mortality rate. The epidemic has also gradually become like the flu, allowing countries around the world to reopen their borders and relax border controls.

During this period, the Ministry of Health and Welfare in our country has gradually relaxed domestic epidemic prevention measures, taking into account the international and domestic trends of the pandemic. Although COVID-19 has become more like the flu, it still has a certain degree of contagiousness. In order to ensure the health of employees and create a safe and healthy workplace environment, our corporation's COVID-19 prevention measures have been adjusted to be managed by the human resources departments of each company. In accordance with the pandemic prevention regulations issued by the Ministry of Health and Welfare. Relevant policies such as working remotely for diagnosed employees, paid leave for quarantine, and caring for employees are also provided.

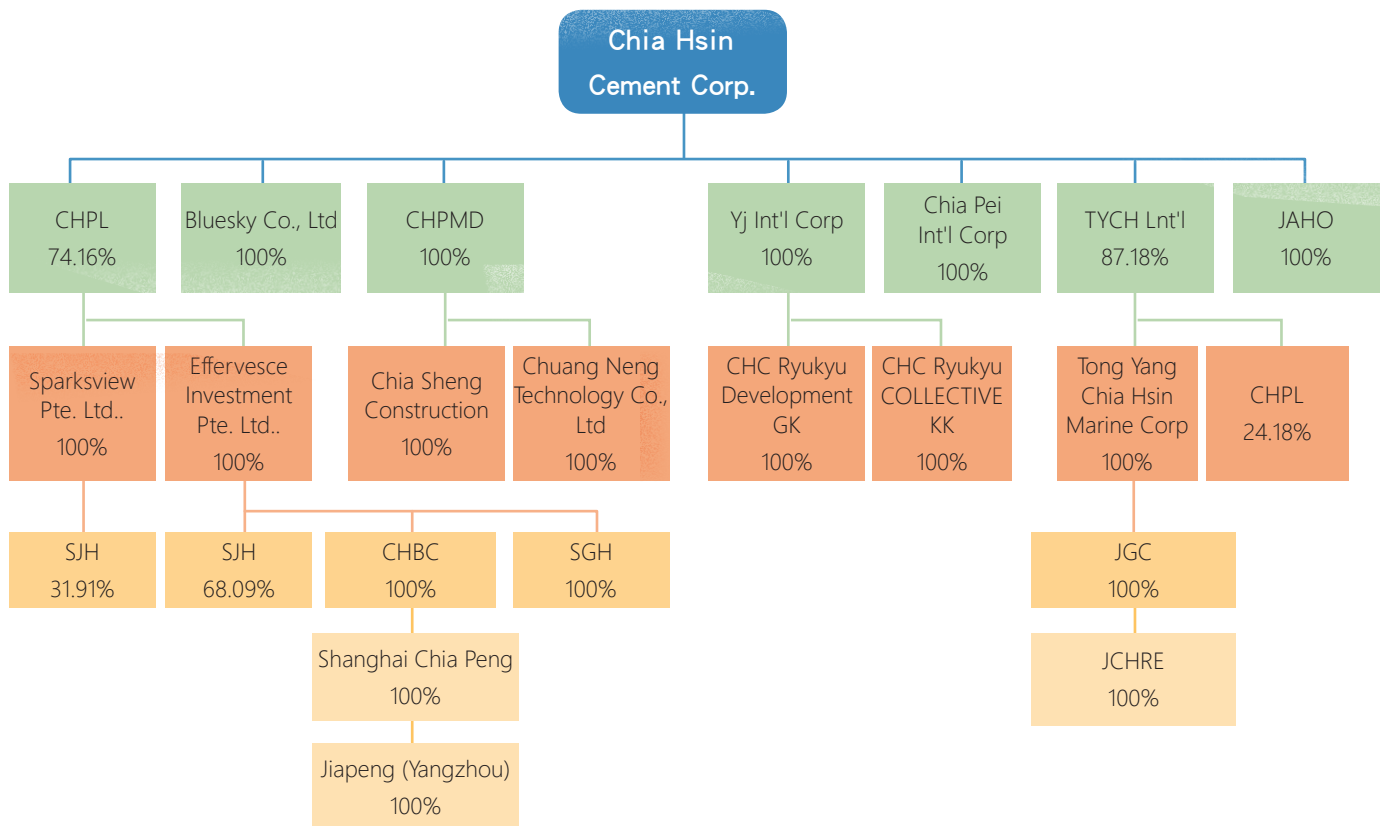
7.7 Other Material Matters

Please refer to the attached tables in 6.4 Consolidated Financial Statement of this Annual Report.

8.1 Information of Affiliates

1. Organization Chart of Affiliates

Important Investment Structure of the Company As of 12/ 31/ 2022



CHPL:	Chia Hsin Pacific Limited
CHPMD:	Chia Hsin Property Management & Development Corp.
TYCH Int'l:	Tong Yang Chai Hsin International Corp.
JAHO:	JAHO Life Plus and Management Corp.
JUC:	Jiangsu Union Cement Co., Ltd.
SJH:	Shanghai Jia Huan Concrete Co., Ltd.
CHBC:	Chia Hsin Business Consulting (Shanghai) Co., Ltd.
SGH:	Shanghai Chia Hsin Ganghui Co., Ltd.
JGC:	Jiangsu Jiaguo Construction Material & Storage Co., Ltd.
JCHRE:	Jiangsu Chia Hsin Real Estate Co., Ltd.
Shanghai Chia Peng:	Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.
Jiapeng (Yangzhou):	Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd

2. Basic Information of Affiliates

12/ 31/ 2022

In NTD thousands;

Foreign Currency in Units

8.

Company Name	Date Incorporated	Address	Paid-In Capital	Main Businesses or Production Items
Chia Hsin Cement Corp.	12/13/1954	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	7,747,805	Cement manufacturing; Wholesale of building materials; Retail of building materials; Mining of non-metallic; Manufacture of ready-mix concrete; International trade; Developing, sales, and leasing of residence and building; Developing, sales and leasing of industrial factory; Real estate business; Real estate leasing; Urban renewal and reconstruction, and Warehousing
Chia Hsin Property Management & Development Corp.	12/15/2003	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	1,000,000	Machinery wholesale and retail; Warehousing; Developing, sales and leasing of residence, building and industrial factory; Real estate business and leasing
Chia Pei International Corp.	08/24/2006	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	195,600	Quarrying; Wholesale of building materials; Mining of non-metallic; Retail of building materials; International trade; Leasing business; Retail of machinery and equipment
YJ International Corp.	03/24/2014	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	2,280,000	Real estate holding, leasing management, brokerage, sales and other related businesses
Jaho Life Plus+ Management Corp.	11/13/2015	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	400,000	Management Consulting
Bluesky Co., Ltd.	07/11/2012	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	83,000	International trade; Real estate business; Real estate leasing
Tong Yang Chia Hsin International Corp.	12/15/1973	1F, 96 Section 2, Zhongshan N. Road, Taipei, Taiwan	2,948,606	General export-import trade (except those require license)
Chia Sheng Construction Corp.	05/06/2013	96 Section 2, Zhongshan N. Road, Taipei, Taiwan	250,000	Machinery wholesale; retail of machinery and equipment; warehousing; Developing, leasing and sales of residence and building
Chuang Neng Technology Co., Ltd.	09/27/2022	1F, 96 Section 2, Zhongshan N. Road, Taipei, Taiwan	5,000	Energy technology service
CHC Ryukyu Development GK	12/19/2013	2-5-7 Matsuo, Naha-shi, Okinawa, Japan	JPY 1,000,000,000	Real estate leasing and management consulting
CHC Ryukyu COLLECTIVE KK	07/01/2019	2-5-7 Matsuo, Naha-shi, Okinawa, Japan	JPY 7,000,000,000	Hotel operation
Chia Hsin Pacific Ltd.	09/20/1995	Ugland House, P.O. Box 309 George Town, Grand Cayman, Cayman Island, British West Indies	USD 28,543,892	Investment holding company

Company Name	Date Incorporated	Address	Paid-In Capital	Main Businesses or Production Items
Effervesce Investment Pte. Ltd.	07/15/1993	1 Raffles Place #04-63 One Raffles Place Singapore 048616	SGD 53,274,892	Investment holding company
Sparksview Pte. Ltd.	06/04/1994	1 Raffles Place #04-63 One Raffles Place Singapore 048616	SGD 3,763,350	Investment holding company
Tong Yang Chia Hsin Marine Corp.	12/22/1993	Salduba Building, 3rd Floor, 53rd East Street, Urbanizacion Marbella, P.O. Box 0816-02884 Panama, Rep. of Panama	USD 2,700,000	Marine business
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	12/29/1997	Room 610-1, 1 Jilong Road, Waigaoqiao Tax Free Zone, Shanghai, China	RMB 144,525,600	Business, finance and information system technology development consulting
Shanghai Chia Hsin Ganghui Co., Ltd.	06/12/1997	4100 Long Wu Road, Shanghai, P.R.C.	RMB 86,949,230	Warehousing and packaging of bulk cement; Processing and marketing of high strength cement
Shanghai Jia Huan Concrete Co., Ltd.	07/11/1995	2200 Long Wu Road, Shanghai, China	RMB 70,212,577	Manufacture and sales of cement products and ready-mix concrete products
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	07/14/2017	No. 344 Sanlin Road, Shanghai, P.R.C.	RMB 71,000,000	Health and hotel business management consulting
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	12/21/2018	No. 58 West Xingcheng Road, Hanjiang District, Yangzhou, Jiangsu, P.R.C	RMB 50,000,000	Maternity and infant health care; Sales of mother & baby supplies; Life & beauty services
Jiangsu Jiaguo Construction Material & Storage Co., Ltd.	02/18/2004	High-tech Industrial Park, Zhenjiang New Area, Jiangsu, P.R.C	RMB 41,355,860	Land transportation of general cargo; Processing, configuration, packaging, warehousing and sales of cement and other building materials
Jiangsu Chia Hsin Real Estate Co., Ltd.	07/25/2007	5th floor, No. 22, Jiefang Rd., Jingye Building, Zhenjiang, Jiangsu, P.R.C	RMB 10,000,000	Real estate development, operation and property management

3. Shareholders Information of Affiliates that are Presumed to Have a Controlling and Subordinate Relations: None.

4. Industries and Diversification of Affiliates

Industries in which affiliated companies operate include:

- (1) Cement business, technical service, and leasing business.
- (2) Real estate, trading, and warehousing.
- (3) General Investments.
- (4) Hospitality Business.

Refer to the above (2) Basic Information of Affiliates for the main businesses or production items of affiliates.

5. Information of Chairman, Directors, Supervisors, and President of Affiliates

12/ 31/ 2022

Unit: NTD thousands; Foreign Currency in Units; Shares; %

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	Percentage (%)
Chia Hsin Cement Corp.	Chairman	Jason K. L. Chang	4,808,396	0.62
	Director	Chi-Te Chen	692,955	0.09
	Director	Representative of Tong Yang Chia Hsin International Corp. : Pan Howard Wei-Hao	127,370,320	16.44
	Director	Representative of Tong Yang Chia Hsin International Corp. : I-Chen Liu	127,370,320	16.44
	Independent Director	Robert K. Su	-	-
	Independent Director	Pao-Chu Lin	-	-
	Independent Director	Kevin Kuo-I Chen	-	-
	President	Li-Hsin Wang	310,613	0.00-
Chia Hsin Property Management & Development Corp.	Chairman	Representative of Chia Hsin Cement Corp.: Chih-Chu Chi	100,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Jason K. L. Chang	100,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Chi-Te Chen	100,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp.: Pan Howard Wei-Hao	100,000,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp.: Li-Hsin Wang	100,000,000	100.00
	President	Shih-Chu Chi	-	-
Chia Pei International Corp.	Chairman	Representative of Chia Hsin Cement Corp. : Ching-Chuan Fu	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Jason K. L. Chang	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Shih-Chu Chi	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Li-Hsin Wang	19,560,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Shere-Min Chang	19,560,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp. : Hua-Chou Huang	19,560,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp. : Jane Y. C. Chou	19,560,000	100.00
	President	Sheng-Wen Li	-	-
YJ International Corp.	Chairman	Representative of Chia Hsin Cement Corp. : Jason K. L. Chang	228,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Li-Hsin Wang	228,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Puo-Chien Lin	228,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Tatsuyuki Matsumoto	228,000,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp. : Jane Y. C. Chou	228,000,000	100.00
	President	Zi-Bin, Liang	-	-

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	Percentage (%)
Jaho Life Plus+ Management Corp.	Chairman	Representative of Chia Hsin Cement Corp. : Li-Hsin Wang	40,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Chen-Yun Wang	40,000,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Pan Howard Wei-Hao	40,000,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp. : Jane Y. C. Chou	40,000,000	100.00
	President	Xiao-Shan Zha	-	-
Bluesky Co., Ltd.	Chairman	Representative of Chia Hsin Cement Corp. : Jason K. L. Chang	8,300,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Chih-Chu Chi	8,300,000	100.00
	Director	Representative of Chia Hsin Cement Corp. : Pan Howard Wei-Hao	8,300,000	100.00
	Supervisor	Representative of Chia Hsin Cement Corp. : Li-Hsin Wang	8,300,000	100.00
Tong Yang Chia Hsin International Corp.	Chairman	Jason K. L. Chang	-	-
	Director	Representative of Chia Hsin Cement Corp.: Shih-Chu Chi	257,073,050	87.18
	Director	Representative of Chia Hsin Cement Corp. : Ching-Chuan Fu	257,073,050	87.18
	Director	Representative of Chia Hsin Cement Corp. : Hua-Chou Huang	257,073,050	87.18
	Director	Representative of International Chia Hsin Corp. : Li-Hsin Wang	462,490	0.16
	Supervisor	Hsien-Ping Chang	1,349	-
	Supervisor	Representative of Chia Hsin Construction and Development Corp. : Hsiao-Lin Chen	30,687,643	10.41
	President	Shih-Chu Chi	-	-
Chia Sheng Construction Corp.	Chairman	Representative of Chia Hsin Property Management & Development Corp. : Jason K. L. Chang	25,000,000	100.00
	Director	Representative of Chia Hsin Property Management & Development Corp. : Chih-Chu Chi	25,000,000	100.00
	Director	Representative of Chia Hsin Property Management & Development Corp. : Pan Howard Wei-Hao	25,000,000	100.00
	Supervisor	Representative of Chia Hsin Property Management & Development Corp. : Li-Hsin Wang	25,000,000	100.00
Chuang Neng Technology Co., Ltd.	Chairman	Representative of Chia Hsin Property Management & Development Corp. : Chih-Chu Chi	500,000	100.00
	Supervisor	Representative of Chia Hsin Property Management & Development Corp. : Jane Y. C. Chou	500,000	100.00
	President	Chih-Chu Chi	-	-
CHC Ryukyu Development GK	Executive officer	Representative of YJ International Corp. : Tatsuyuki Matsumoto	JPY 1,000,000,000	100.00
	Executive officer	Representative of YJ International Corp. : Li-Hsin Wang	JPY 1,000,000,000	100.00
	Executive officer	Representative of YJ International Corp. : Puo-Chien Lin	JPY 1,000,000,000	100.00

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	Percentage (%)
CHC Ryukyu COLLECTIVE KK	Representative Director	Tatsuyuki Matsumoto	-	-
	Director	Li-Hsin Wang	-	-
	Director	Puo-Chien Lin	-	-
	Corporate Auditor	Jane Y. C. Chou	-	-
Chia Hsin Pacific Ltd.	Chairman	Li-Hsin Wang	-	-
	Director	Jason K. L. Chang	-	-
	Director	Pan Howard Wei-Hao	-	-
Effervesce Investment Pte. Ltd.	Director	Jason K. L. Chang	-	-
	Director	Li-Hsin Wang	-	-
	Director	Pan Howard Wei-Hao	-	-
	Director	Kenneth Chiam Siang Rong	-	-
Sparkview Pte. Ltd.	Director	Jason K. L. Chang	-	-
	Director	Li-Hsin Wang	-	-
	Director	Pan Howard Wei-Hao	-	-
	Director	Kenneth Chiam Siang Rong	-	-
Tong Yang Chia Hsin Marine Corp.	Director	Representative of Tong Yang Chia Hsin International Corp. : Jason K. L. Chang	USD 2,700,000	100.00
	Director	Representative of Tong Yang Chia Hsin International Corp. : Li-Hsin Wang	USD 2,700,000	100.00
	Director	Representative of Tong Yang Chia Hsin International Corp. : Shih-Chu Chi	USD 2,700,000	100.00
	President	Representative of Tong Yang Chia Hsin International Corp. : Jason K. L. Chang	-	-
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Chairman	Representative of Effervesce Investment Pte. Ltd. : I-Ping Chang	RMB 144,525,600	100.00
	Director	Representative of Effervesce Investment Pte. Ltd. : Li-Hsin Wang	RMB 144,525,600	100.00
	Director	Representative of Effervesce Investment Pte. Ltd. : Jason K.L. Chang	RMB 144,525,600	100.00
	Supervisor	Representative of Effervesce Investment Pte. Ltd. : Ying-Ying Chen	RMB 144,525,600	100.00
	President	Representative of Effervesce Investment Pte. Ltd. : I-Ping Chang	-	-

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	Percentage (%)
Shanghai Chia Hsin Ganghui Co., Ltd.	Chairman	Representative of Effervesce Investment Pte. Ltd.. : Ching-Chuan Fu	RMB 86,949,230	100.00
	Director	Representative of Shanghai International Port (Group) Co., Ltd., Longwu Branch : Sheng-Hua Ren	-	-
	Director	Representative of Effervesce Investment Pte. Ltd. : Jason K. L. Chang	RMB 86,949,230	100.00
	Director	Representative of Effervesce Investment Pte. Ltd. : I-Ping Chang	RMB 86,949,230	100.00
	Director	Representative of Effervesce Investment Pte. Ltd. : Li-Hsin Wang	RMB 86,949,230	100.00
	Supervisor	Representative of Effervesce Investment Pte. Ltd. : Ying-Ying Chen	RMB 86,949,230	100.00
	President	Representative of Effervesce Investment Pte. Ltd. : Yu-Hong Zhu	-	-
Shanghai Jia Huan Concrete Co., Ltd.	Chairman	Representative of Effervesce Investment Pte. Ltd. : I-Ping Chang	RMB 47,744,552	68.00
	Director	Representative of Effervesce Investment Pte. Ltd. : Jason K. L. Chang	RMB 47,744,552	68.00
	Director	Representative of Sparksvie Pte. Ltd. : Chih-Chu Chi	RMB 22,468,025	32.00
	Supervisor	Representative of Sparksvie Pte. Ltd. : Ying-Ying Chen	RMB 22,468,025	32.00
	President	Representative of Effervesce Investment Pte. Ltd. : I-Ping Chang	-	-
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Chairman	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd. : Yu-Hong Zhu	RMB 71,000,000	100.00
	Director	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd. : Li-Hsin Wang	RMB 71,000,000	100.00
	Director	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd. : Xiao-Shan Zha	RMB 71,000,000	100.00
	Supervisor	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd. : Hua-Chou Huang	RMB 71,000,000	100.00
	President	Representative of Chia Hsin Business Consulting (Shanghai) Co., Ltd. : Huei-Jen Lin	-	-
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	Chairman	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. : Yu-Hong Zhu	RMB 50,000,000	100.00
	Director	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. : L-Hsin Wang	RMB 50,000,000	100.00
	Director	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. : Xiao-Shan Zha	RMB 50,000,000	100.00
	Supervisor	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. : Hua-Chou Huang	RMB 50,000,000	100.00
	President	Representative of Shanghai Chia Peng Healthcare Management Consulting Co., Ltd. : Huei-Jen Lin	-	-

Company Name	Title	Name of Representative	Holding	
			Share/ Investment Amount	Percentage (%)
Jiangsu Jiaguo Construction Material & Storage Co., Ltd.	Chairman	Representative of Tong Yang Chia Hsin Marine Corp. : I-Ping Chang	RMB 41,355,860	100.00
	Director	Representative of Tong Yang Chia Hsin Marine Corp. : Shere-Min Chang	RMB 41,355,860	100.00
	Director	Representative of Tong Yang Chia Hsin Marine Corp. : Shih-Chu Chi	RMB 41,355,860	100.00
	Supervisor	Representative of Tong Yang Chia Hsin Marine Corp. : Ying-Ying Chen	RMB 41,355,860	100.00
	President	Representative of Tong Yang Chia Hsin Marine Corp. : I-Ping Chang	-	-
Jiangsu Chia Hsin Real Estate Co., Ltd.	Chairman	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd. : Fu-Chiuan Yang	RMB 10,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd. : I-Ping Chang	RMB 10,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd. : Yong-Zhi Huang	RMB 10,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd. : Zhe-Shuo Chang	RMB 10,000,000	100.00
	Director	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd. : Chih-Chu Chi	RMB 10,000,000	100.00
	Supervisor	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd. : Ying-Ying Chen	RMB 10,000,000	100.00
	President	Representative of Jiangsu Jiaguo Construction Material & Storage Co., Ltd. : I-Ping Chang	-	-

6. Operational highlights of Affiliates

12/ 31/ 2022

Unit: NTD thousands; Earnings (Loss) Per Share in NTD

Company Name	Capital	Total Assets	Total Liabilities	Stockholders' Equity	Revenue	Profit (Loss) from Operations	Net Income (Loss)	Earnings (Loss) Per Share
Chia Hsin Cement Corp.	7,747,805	29,088,310	7,802,315	21,285,995	1,176,350	(161,863)	(180,762)	(0.28)
Chia Hsin Property Management & Development Corp.	1,000,000	5,810,816	1,851,880	3,958,936	273,120	138,749	120,130	1.20
Chia Pei International Corp.	195,600	1,557,521	1,358,012	199,509	441,989	(6,576)	(20,829)	(1.06)
YJ International Corp.	2,280,000	550,585	545	550,040	-	(5,448)	(310,493)	(1.36)
Jaho Life Plus+ Management Corp.	400,000	245,332	120,002	125,330	97,180	(27,635)	(62,812)	(1.57)
Bluesky Corp.	83,000	85,956	1,498	84,458	1,940	1,106	934	0.11

Company Name	Capital	Total Assets	Total Liabilities	Stockholders' Equity	Revenue	Profit (Loss) from Operations	Net Income (Loss)	Earnings (Loss) Per Share
Tong Yang Chia Hsin International Corp.	2,948,606	7,720,120	363,937	7,356,183	106,592	15,800	53,275	0.18
Chia Sheng Construction Corp.	250,000	262,775	2,563	260,212	12,696	12,414	10,063	0.40
Chuang Neng Technology Co., Ltd.	5,000	5,405	415	4,990	-	(20)	(10)	(0.02)
CHC Ryukyu Development GK	227,653	635,517	509,243	126,274	102	(4,255)	(4,213)	NA
CHC Ryukyu COLLECTIVE KK	1,631,547	3,963,063	3,613,534	349,529	343,194	(276,500)	(301,545)	NA
Chia Hsin Pacific Ltd.	876,583	3,279,197	1,149	3,278,048	-	(8,631)	2,759	0.11
Effervesce Investment Pte. Ltd.	1,221,131	1,365,906	344	1,365,562	-	(4,888)	(35,455)	(0.67)
Sparksview Pte. Ltd.	86,261	179,377	260	179,117	-	(457)	1,410	0.37
Tong Yang Chia Hsin Marine Corp.	82,917	471,641	-	471,641	-	(73)	7,686	NA
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	637,278	466,874	1,672	465,202	1,686	(7,634)	(43,899)	NA
Shanghai Chia Hsin Ganghui Co., Ltd.	383,398	512,342	113,656	398,686	4,700	(18,457)	7,768	NA
Shanghai Jia Huan Concrete Co., Ltd.	309,598	629,089	92,599	536,490	-	(7,003)	7,433	NA
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	313,071	155,086	726	154,360	316	(3,460)	(43,279)	NA
Jiapeng Gemcare Maternity (Yangzhou) Co., Ltd.	220,472	257,075	119,973	137,102	5,897	(24,360)	(28,335)	NA
Jiangsu Jiaguo Construction Material & Storage Co., Ltd.	182,356	179,778	1,802	177,976	6,901	(43)	3,790	NA
Jiangsu Chia Hsin Real Estate Co., Ltd.	44,094	51,378	232	51,146	-	(1,490)	(299)	NA

Note 1: Exchange rates are as follows:

Balance sheet: (1) USD/NTD=30.71; (2) SGD/NTD=22.92133; (3) RMB/NTD=4.409445; (4) JPY/NTD=0.2324

Profit and loss statement: (1) USD/NTD=29.805; (2) SGD/NTD=21.620964; (3) RMB/NTD=4.434741; (4) JPY/NTD=0.2275

8.2 Private Placement Securities in the Past Year and up to the Publication Date of this Annual Report:

None.

8.3 The Company's Shares Acquired, Disposed of, and Held by Subsidiaries in the Past Year and up to the Publication Date of this Annual Report

The Company's Shares Acquired, Disposed of, and Held by Subsidiaries in the Past Year and up to the Publication Date of this Annual Report (as of 03/10/2023)

Unit: NTD thousands; Shares; %

Name of Subsidiary	Paid-in Capital	Fund Source	Share-holding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed of	Investment Gain (Loss)	Shares and Amount Held up to the Publication Date of this Annual Report	Pledged	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
Tong Yang Chia Hsin International Corp.	2,948,606	The company's own Fund	87.18 %	Current year up to the publication date of this Annual Report	0	0	0	127,370,320 shares 2,394,562	Nil (Note)	0	0

Note: The company has not created any pledges and there is no effect on the Company's financial performance and financial position.

8.4 Other Supplemental Information:

None.

9

Events with Material Impact on Shareholders' Equity or Share Price as Specified in Item 3, Paragraph 2, Article 36 of the Securities and Exchange Act in the Past Year and up to the Publication Date of this Annual Report:

None.



Contact Information

1. CHC Spokesperson

Name: Li-Hsin Wang

Title: President

Tel: +886-2-2551-5211

Email: elwang@chcgroup.com.tw

CHC Deputy Spokesperson

Name: Hsiao-Yun Yu

Title: Manager of Board Secretariat

Tel: +886-2-2551-5211

Email: sharingyu@chcgroup.com.tw

2. CHC Headquarters & Business Office

Headquarters: Chia Hsin Building, No.96, Sec. 2, Zhongshan N. Rd., Taipei, Taiwan, R.O.C.

Tel: +886-2-2551-5211

Business Office: Taichung Business Office: 8F., No.689, Sec. 2, Taiwan Blvd., Taichung, Taiwan, R.O.C.

Tel: +886-4-2329-6250

3. Share Transfer Agent and Registra

Capital Securities Corporation

B2, No.97, Sec. 2, Dunhua S. Rd., Taipei, Taiwan, R.O.C.

Tel: +886-2-2702-3999

Website: www.capital.com.tw

4. CPA

Chiang-Hsun Chen and Sheng-Tai Liang

CPA Firm: Deloitte & Touche

20F., No. 100, Songren Rd., Xinyi Dist., Taipei, Taiwan, R.O.C.

Tel: +886-2-2725-9988

Website: www.deloitte.com.tw

5. Overseas Listings and Access to the Listing Information

None

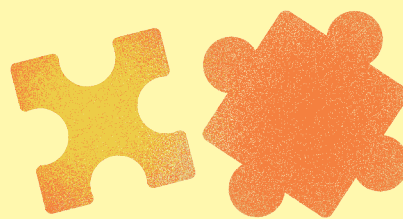
6. CHC Website

www.chcgroup.com.tw





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