

Chia Hsin Cement Corporation

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

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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. 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, 2023 is stated as follows:

Impairment of Investment in Subsidiaries Accounted for Using the Equity Method

As of December 31, 2023, the net carrying amount of property, plant and equipment of CHC Ryukyu COLLECTIVE KK was NT\$3,405,765 thousand, which was material to the financial statements. Management assesses the asset impairment of the subsidiary's property, plant and equipment. Since the recoverable amount in the impairment assessment involves subjective judgments based on various assumptions and estimates made by management, 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 with respect to the above area included the following:

We obtained an impairment assessment report from the management, 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, 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 in the impairment assessment report.
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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Sheng Tai Liang.

Ching-hsun Chen Sheng-Tai Liang

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,035,969	4	\$ 1,445,328	5
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	801,042	3	814,418	3
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 31)	1,233,836	4	1,146,083	4
Financial assets at amortized cost - current (Notes 4 and 9)	785,428	3	347,231	1
Notes receivable from unrelated parties (Notes 4, 10 and 25)	198,457	1	141,265	-
Trade receivables from unrelated parties (Notes 4, 10 and 25)	63,505	-	28,010	-
Trade receivables from related parties (Notes 4, 25 and 32)	11,462	-	9,637	-
Finance lease receivables - current (Notes 4, 12 and 32)	54,114	-	73,719	-
Other receivables from unrelated parties (Notes 4 and 11)	9,338	-	3,399	-
Other receivables from related parties (Notes 4 and 32)	39,358	-	36,240	-
Current tax assets	517	-	624	-
Inventories (Notes 4 and 13)	86,331	-	154,220	1
Prepayments (Note 19)	1,908	-	2,392	-
Total current assets	<u>4,321,265</u>	<u>15</u>	<u>4,202,566</u>	<u>14</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	7,563,433	25	7,295,724	25
Financial assets at amortized cost - non-current (Notes 4, 9 and 33)	1,103	-	9,476	-
Investments accounted for using the equity method (Notes 4, 14 and 32)	15,437,508	52	15,247,296	53
Property, plant and equipment (Notes 4, 5 and 15)	537,254	2	622,127	2
Right-of-use assets (Notes 4 and 16)	4,032	-	5,784	-
Investment properties (Notes 4 and 17)	263,950	1	265,186	1
Intangible assets (Notes 4 and 18)	1,176	-	1,534	-
Deferred tax assets (Notes 4 and 27)	203,265	1	184,091	1
Finance lease receivables - non-current (Notes 4, 12 and 32)	1,143,739	4	1,246,591	4
Net defined benefit assets - non-current (Notes 4 and 23)	-	-	842	-
Other non-current assets (Notes 4 and 19)	7,206	-	7,093	-
Total non-current assets	<u>25,162,666</u>	<u>85</u>	<u>24,885,744</u>	<u>86</u>
TOTAL	<u>\$ 29,483,931</u>	<u>100</u>	<u>\$ 29,088,310</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4, 20 and 33)	\$ 1,000,000	3	\$ 1,340,000	5
Short-term bills payable (Notes 4 and 20)	744,106	3	127,614	1
Contract liabilities (Notes 4 and 25)	20,053	-	12,753	-
Notes payable to unrelated parties (Note 21)	3,329	-	1,907	-
Trade payables to unrelated parties (Note 21)	66,133	-	64,037	-
Trade payables to related parties (Note 32)	116,869	1	89,022	-
Other payables to unrelated parties (Note 22)	36,418	-	27,294	-
Other payables to related parties (Note 32)	18,059	-	19,818	-
Current tax liabilities (Notes 4 and 27)	8,948	-	-	-
Lease liabilities - current (Notes 4 and 16)	56,374	-	77,999	-
Current portion of long-term borrowings (Notes 4, 20 and 33)	393,750	1	577,500	2
Guarantee deposits - current	629	-	540	-
Total current liabilities	<u>2,464,668</u>	<u>8</u>	<u>2,338,484</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 20 and 33)	3,886,250	13	3,888,750	14
Deferred tax liabilities (Notes 4 and 27)	282,205	1	304,447	1
Lease liabilities - non-current (Notes 4 and 16)	1,145,679	4	1,248,248	4
Net defined benefit liabilities - non-current (Notes 4 and 23)	2,115	-	-	-
Guarantee deposits - non-current	21,563	-	22,386	-
Total non-current liabilities	<u>5,337,812</u>	<u>18</u>	<u>5,463,831</u>	<u>19</u>
Total liabilities	<u>7,802,480</u>	<u>26</u>	<u>7,802,315</u>	<u>27</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital				
Ordinary shares	<u>7,902,474</u>	<u>27</u>	<u>7,747,805</u>	<u>27</u>
Capital surplus	<u>1,318,181</u>	<u>5</u>	<u>1,238,426</u>	<u>4</u>
Retained earnings				
Legal reserve	2,571,235	9	2,571,235	9
Special reserve	2,257,048	8	2,257,996	8
Unappropriated earnings	<u>5,430,295</u>	<u>18</u>	<u>5,737,233</u>	<u>19</u>
Total retained earnings	<u>10,258,578</u>	<u>35</u>	<u>10,566,464</u>	<u>36</u>
Other equity	<u>3,280,168</u>	<u>11</u>	<u>2,811,250</u>	<u>10</u>
Treasury shares	<u>(1,077,950)</u>	<u>(4)</u>	<u>(1,077,950)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	<u>21,681,451</u>	<u>74</u>	<u>21,285,995</u>	<u>73</u>
Total equity	<u>21,681,451</u>	<u>74</u>	<u>21,285,995</u>	<u>73</u>
TOTAL	<u>\$ 29,483,931</u>	<u>100</u>	<u>\$ 29,088,310</u>	<u>100</u>

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 32)				
Sales	\$ 1,269,680	87	\$ 986,402	84
Rental revenue	4,766	-	4,730	-
Service revenue	30,485	2	33,896	3
Other operating revenue	<u>158,220</u>	<u>11</u>	<u>151,322</u>	<u>13</u>
Total operating revenue	<u>1,463,151</u>	<u>100</u>	<u>1,176,350</u>	<u>100</u>
OPERATING COSTS (Notes 13, 26 and 32)				
Cost of goods sold	(1,261,020)	(87)	(987,044)	(84)
Rental costs	(1,945)	-	(1,746)	-
Service costs	(28,437)	(2)	(29,758)	(3)
Other operating costs	<u>(133,489)</u>	<u>(9)</u>	<u>(133,202)</u>	<u>(11)</u>
Total operating costs	<u>(1,424,891)</u>	<u>(98)</u>	<u>(1,151,750)</u>	<u>(98)</u>
GROSS PROFIT	38,260	2	24,600	2
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(380)	-	(1,100)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>-</u>	<u>-</u>	<u>895</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>37,880</u>	<u>2</u>	<u>24,395</u>	<u>2</u>
OPERATING EXPENSES (Notes 26 and 32)				
Selling and marketing expenses	(12,922)	(1)	(11,417)	(1)
General and administrative expenses	(166,776)	(11)	(174,713)	(15)
Expected credit loss (Note 10)	<u>(936)</u>	<u>-</u>	<u>(128)</u>	<u>-</u>
Total operating expenses	<u>(180,634)</u>	<u>(12)</u>	<u>(186,258)</u>	<u>(16)</u>
LOSS FROM OPERATIONS	<u>(142,754)</u>	<u>(10)</u>	<u>(161,863)</u>	<u>(14)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 26 and 32)				
Interest income	64,391	4	34,026	3
Other income	171,585	12	268,635	23
Other gains and losses	(73,335)	(5)	(70,310)	(6)

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
Finance costs	\$ (131,592)	(9)	\$ (102,470)	(9)
Share of profit or loss of subsidiary, associates and joint ventures	<u>134,656</u>	<u>9</u>	<u>(154,239)</u>	<u>(13)</u>
Total non-operating income and expenses	<u>165,705</u>	<u>11</u>	<u>(24,358)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	22,951	1	(186,221)	(16)
INCOME TAX BENEFIT (Notes 4 and 27)	<u>58,131</u>	<u>4</u>	<u>5,459</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>81,082</u>	<u>5</u>	<u>(180,762)</u>	<u>(16)</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	(3,132)	-	11,206	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	355,462	24	(2,327,630)	(198)
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	135,337	9	(987,915)	(84)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>626</u>	<u>-</u>	<u>(2,241)</u>	<u>-</u>
	<u>488,293</u>	<u>33</u>	<u>(3,306,580)</u>	<u>(281)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(2,539)	-	165,564	14
Share of the other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method	(24,548)	(2)	23,830	2
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>5,417</u>	<u>1</u>	<u>(37,880)</u>	<u>(3)</u>
	<u>(21,670)</u>	<u>(1)</u>	<u>151,514</u>	<u>13</u>
Other comprehensive income (loss) for the year, net of income tax	<u>466,623</u>	<u>32</u>	<u>(3,155,066)</u>	<u>(268)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ 547,705</u>	<u>37</u>	<u>\$ (3,335,828)</u>	<u>(284)</u>

(Continued)

CHIA HSIN CEMENT CORPORATION

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

	2023		2022	
	Amount	%	Amount	%
EARNINGS (LOSS) PER SHARE (Note 28)				
Basic	<u>\$ 0.12</u>		<u>\$ (0.27)</u>	
Diluted	<u>\$ 0.12</u>		<u>\$ (0.27)</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2022	\$ 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)									
Legal reserve	-	-	68,062	-	(68,062)	-	-	-	-
Cash dividends	-	-	-	-	(502,675)	-	-	-	(502,675)
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 (Note 24)	-	-	-	-	12,802	151,514	(3,319,382)	-	(3,155,066)
Total comprehensive (loss) income 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	5,737,233	(648,722)	3,459,972	(1,077,950)	21,285,995
Appropriation of 2022 earnings (Note 24)									
Cash dividends	-	-	-	-	(232,004)	-	-	-	(232,004)
Share dividends	154,669	-	-	-	(154,669)	-	-	-	-
Reverse of special reserve	-	-	-	(948)	948	-	-	-	-
Changes in equity of associates accounted for using the equity method (Note 24)	-	43,645	-	-	-	-	-	-	43,645
Unclaimed dividends extinguished by prescription (Note 24)	-	2,797	-	-	-	-	-	-	2,797
Net profit for the year ended December 31, 2023	-	-	-	-	81,082	-	-	-	81,082
Other comprehensive income (loss) for the year ended December 31, 2023 (Note 24)	-	-	-	-	(2,295)	(21,670)	490,588	-	466,623
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	78,787	(21,670)	490,588	-	547,705
Change in capital surplus due to cash dividends of the Company paid to subsidiary (Notes 14 and 24)	-	33,313	-	-	-	-	-	-	33,313
BALANCE, DECEMBER 31, 2023	<u>\$ 7,902,474</u>	<u>\$ 1,318,181</u>	<u>\$ 2,571,235</u>	<u>\$ 2,257,048</u>	<u>\$ 5,430,295</u>	<u>\$ (670,392)</u>	<u>\$ 3,950,560</u>	<u>\$ (1,077,950)</u>	<u>\$ 21,681,451</u>

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 22,951	\$ (186,221)
Adjustments for:		
Depreciation expenses	97,839	108,629
Amortization expenses	358	243
Expected credit loss	936	128
Net loss on fair value changes of financial assets at fair value through profit or loss	7,715	120,353
Finance costs	131,592	102,470
Interest income	(64,391)	(34,026)
Dividend income	(155,174)	(235,473)
Share of (profit) loss of subsidiaries, associates and joint ventures	(134,656)	154,239
Gain on disposal of right-of-use assets	(5)	-
Write-down of inventories	-	3,587
Unrealized gain on transactions with subsidiaries, associates and joint ventures	380	1,100
Realized gain on transactions with subsidiaries, associates and joint ventures	-	(895)
Net loss (gain) on foreign currency exchange	48,476	(67,393)
Changes in operating assets and liabilities:		
Financial assets mandatorily classified as at fair value through profit or loss	5,661	(190,680)
Notes receivable from unrelated parties	(57,770)	(5,183)
Trade receivables from unrelated parties	(35,853)	(7,550)
Trade receivables from related parties	(1,825)	7,158
Other receivables from unrelated parties	1	(11)
Other receivables from related parties	(603)	3,668
Inventories	67,889	(110,783)
Prepayments	484	1,560
Contract liabilities	7,300	475
Notes payable to unrelated parties	1,422	(1,444)
Trade payables to unrelated parties	2,096	(27,950)
Trade payables to related parties	27,847	(40,574)
Other payables to unrelated parties	7,831	(23,192)
Other payables to related parties	(1,759)	(1,081)
Net defined benefit liabilities	(175)	(164)
Cash used in operations	(21,433)	(429,010)
Interest paid	(131,187)	(101,855)
Income tax refunds	29,298	10,518
	<u>(123,322)</u>	<u>(520,347)</u>
Net cash used in operating activities	<u>(123,322)</u>	<u>(520,347)</u>

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CHIA HSIN CEMENT CORPORATION

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (91,485)
Purchase of financial assets at amortized cost	(429,824)	-
Proceeds from sale of financial assets at amortized cost	-	540,227
Acquisition of investments accounted for using the equity method	(59,270)	(48,698)
Payments for property, plant and equipment	(6,975)	(904)
Increase in refundable deposits	(184)	-
Payments for intangible assets	-	(1,608)
Decrease in finance lease receivables	39,131	36,925
Decrease in other non-current assets	71	1,772
Interest received	58,451	31,223
Dividends received from subsidiaries, associates and joint ventures	188,542	548,984
Other dividends received	<u>155,174</u>	<u>235,473</u>
Net cash (used in) generated from investing activities	<u>(54,884)</u>	<u>1,251,909</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	536,000
Repayments of short-term borrowings	(340,000)	-
Proceeds from short-term bills payable	617,000	-
Repayment of short-term bills payable	-	(7,000)
Repayments of long-term loans	(186,250)	(377,500)
Refund of guarantee deposits received	(734)	(821)
Repayment of the principal portion of lease liabilities	(43,486)	(41,469)
Cash dividends paid	(232,004)	(502,675)
Return of unclaimed dividends extinguished by prescription	<u>2,797</u>	<u>598</u>
Net cash used in financing activities	<u>(182,677)</u>	<u>(392,867)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(48,476)</u>	<u>67,393</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(409,359)	406,088
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,445,328</u>	<u>1,039,240</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,035,969</u>	<u>\$ 1,445,328</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, 2023 AND 2022

(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, 2023, the Company has authorized capital of \$15,000,000 thousand and paid-in capital of \$7,902,474 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 February 27, 2024.

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

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

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies:

Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities
arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Company shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Company recognized the cumulative effect of retrospective application in retained earnings on January 1, 2022, and restated comparative information.

Had the Company applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the original IAS 12.

Impact on assets, liabilities and equity for the current year

	December 31, 2023
Increase in investments accounted for using the equity method	\$ 2,999
Increase in assets	<u>\$ 2,999</u>
Increase in retained earnings	\$ 3,060
Decrease in other equity	<u>(61)</u>
Increase in equity	<u>\$ 2,999</u>

Impact on total comprehensive income for the current year

	For the Year Ended December 31, 2023
Increase in share of profit or loss of subsidiary, associates and joint ventures	\$ 3,060
Increase in net profit for the year	<u>3,060</u>
Items that may be reclassified subsequently to profit or loss:	
Decrease in share of the other comprehensive income of associates and joint ventures accounted for using the equity method	<u>(61)</u>
	<u>(61)</u>
Increase in other comprehensive income for the year, net of income tax	<u>\$ 2,999</u>

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 31.

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. 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. MATERIAL 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.

When developing material accounting estimates, the Company considers the possible impact of the economic environment implications on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 899	\$ 421
Checking accounts and demand deposits	860,703	826,686
Cash equivalents		
Time deposits with original maturities of 3 months or less	161,410	608,234
Commercial paper	<u>12,957</u>	<u>9,987</u>
	<u>\$ 1,035,969</u>	<u>\$ 1,445,328</u>

The market rate intervals of cash in the bank and commercial papers at the end of the year were as follows:

	December 31	
	2023	2022
Cash in the Bank	0.001%-4.90%	0.001%-4.60%
Commercial paper	1.20%	0.85%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets mandatorily classified as at fair value through profit or loss (FVTPL) - current</u>		
Domestic listed shares	\$ 296,708	\$ 286,492
Overseas listed shares	25,820	39,077
Overseas mutual funds - beneficiary certificates	448,592	488,849
Domestic convertible bonds	<u>29,922</u>	<u>-</u>
	<u>\$ 801,042</u>	<u>\$ 814,418</u>

As of December 31, 2023, 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 \$296,705 thousand and \$8,054,393 thousand, respectively. Information for other price risk and sensitivity analysis is provided in Note 31.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed shares and emerging market shares	<u>\$ 1,233,836</u>	<u>\$ 1,146,083</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 7,080,717	\$ 6,836,905
Unlisted shares	<u>482,716</u>	<u>458,819</u>
	<u>\$ 7,563,433</u>	<u>\$ 7,295,724</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. with the amount of \$91,485 thousand in January 2022. 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 785,428</u>	<u>\$ 347,231</u>
<u>Non-current</u>		
Restricted deposits	<u>\$ 1,103</u>	<u>\$ 9,476</u>
<u>Interest rate range</u>		
Time deposits with original maturities of more than 3 months	1.31%-5.50%	2.90%-5.00%
Restricted deposits	1.58%	0.795%-1.44%

- 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, 2023 and 2022, the Company assessed the expected credit loss rate as 0%.
- b. Refer to Note 33 for the carrying amounts of financial assets pledged by the Company to secure obligations.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 200,462	\$ 142,692
Less: Allowance for impairment loss	<u>(2,005)</u>	<u>(1,427)</u>
	<u>\$ 198,457</u>	<u>\$ 141,265</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 64,146	\$ 28,293
Less: Allowance for impairment loss	<u>(641)</u>	<u>(283)</u>
	<u>\$ 63,505</u>	<u>\$ 28,010</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 ECLs 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, 2023

	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	\$ 276,070	\$ -	\$ -	\$ -	\$ 276,070
Loss allowance (Lifetime ECLs)	<u>(2,646)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,646)</u>
Amortized cost	<u>\$ 273,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,424</u>

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>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 1,710	\$ 1,582
Add: Net remeasurement of loss allowance	<u>936</u>	<u>128</u>
Balance at December 31	<u>\$ 2,646</u>	<u>\$ 1,710</u>

11. OTHER RECEIVABLES

	<u>December 31</u>	
	2023	2022
Interest receivable	\$ 9,216	\$ 3,276
Others	<u>122</u>	<u>123</u>
	<u>\$ 9,338</u>	<u>\$ 3,399</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, 2023 and 2022, the Company assessed the expected credit loss rate of other receivables as 0%.

12. FINANCE LEASE RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Undiscounted lease payments</u>		
Year 1	\$ 72,398	\$ 93,626
Year 2	65,578	68,636
Year 3	65,578	68,636
Year 4	65,578	68,636
Year 5	65,578	68,636
Year 6 onwards	<u>1,072,094</u>	<u>1,190,749</u>
	1,406,804	1,558,919
Less: Unearned finance income	<u>(208,951)</u>	<u>(238,609)</u>
Lease payments receivable	<u>1,197,853</u>	<u>1,320,310</u>
Net investment in leases presented as finance lease receivables	<u>\$ 1,197,853</u>	<u>\$ 1,320,310</u>
<u>Lease payments receivable</u>		
Not more than 1 year	\$ 54,114	\$ 73,719
More than 1 year but not more than 5 years	196,830	202,783
More than 5 years	<u>946,909</u>	<u>1,043,808</u>
	<u>\$ 1,197,853</u>	<u>\$ 1,320,310</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, 2023 and 2022, 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, 2023, 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Finished goods	\$ 85,232	\$ 153,360
Raw materials	<u>1,099</u>	<u>860</u>
	<u>\$ 86,331</u>	<u>\$ 154,220</u>

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 1,261,020	\$ 983,457
Inventory write-downs	<u>-</u>	<u>3,587</u>
	<u>\$ 1,261,020</u>	<u>\$ 987,044</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 11,775,321	\$ 11,828,467
Investments in associates	<u>3,662,187</u>	<u>3,418,829</u>
	<u>\$ 15,437,508</u>	<u>\$ 15,247,296</u>

a. Investments in subsidiaries

	December 31	
	2023	2022
Unlisted companies		
Tong Yang Chia Hsin International Corporation	\$ 5,704,901	\$ 5,536,493
Chia Hsin Property Management & Development Corporation	3,988,327	3,958,936
Jaho Life Plus+ Management Corp., Ltd.	84,951	125,330
Chia Pei International Corporation	212,378	199,509
YJ International Corporation	369,300	548,620
BlueSky. Co., Ltd.	84,144	84,458
Chia Hsin Green Electricity Corporation	4,993	-
Chia Hsin Pacific Limited	<u>2,382,037</u>	<u>2,430,831</u>
	12,831,031	12,884,177
Less: Reclassified to treasury stocks (Note 24)	<u>(1,055,710)</u>	<u>(1,055,710)</u>
	<u>\$ 11,775,321</u>	<u>\$ 11,828,467</u>

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
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 Green Electricity Corporation.	100.00%	-
Chia Hsin Pacific Limited	74.16%	74.16%

Note 1: The Company received \$154,543 thousand and \$511,233 thousand of cash dividends from its subsidiaries in 2023 and 2022, respectively.

Note 2: The Company's cash dividend to subsidiaries in 2023 and 2022 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 \$33,313 thousand and \$72,177 thousand, respectively.

Note 3: For the years ended December 31, 2023 and 2022, 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	
	2023	2022
Material associates		
LDC ROME HOTELS S.R.L.	\$ 417,997	\$ 337,024
L'Hotel De Chine Corporation	1,325,570	1,219,545
Chia Hsin Construction & Development Corp.	<u>1,806,338</u>	<u>1,747,897</u>
	3,549,905	3,304,466
Associates that are not individually material	<u>112,282</u>	<u>114,363</u>
	<u>\$ 3,662,187</u>	<u>\$ 3,418,829</u>

1) Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
LDC ROME HOTELS S.R.L.	40.00%	40.00%
Chia Hsin Construction & Development Corp.	46.18%	46.18%
L'Hotel De Chine Corporation	23.10%	23.10%

Refer to Note 37, 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 IFRS Accounting Standards adjusted by the Company for equity accounting purposes.

LDC ROME HOTELS S.R.L.

	December 31	
	2023	2022
Current assets	\$ 505,775	\$ 391,523
Non-current assets	1,551,878	1,541,023
Current liabilities	(267,957)	(178,392)
Non-current liabilities	<u>(744,704)</u>	<u>(911,593)</u>
Equity	<u>\$ 1,044,992</u>	<u>\$ 842,561</u>

(Continued)

	December 31	
	2023	2022
Proportion of the Company's ownership	40.00%	40.00%
Equity attributable to the Company	<u>\$ 417,997</u>	<u>\$ 337,024</u>
Carrying amount	<u>\$ 417,997</u>	<u>\$ 337,024</u> (Concluded)

	For the Year Ended December 31	
	2023	2022
Operating revenue	<u>\$ 774,782</u>	<u>\$ 525,601</u>
Net profit (loss) for the year	\$ 33,783	\$ (41,651)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the year	<u>\$ 33,783</u>	<u>\$ (41,651)</u>

On June 26, 2023, December 8, 2023 and September 28, 2022, the Company increased its investment in LDC ROME HOTELS S.R.L. by EUR800 thousand, EUR800 thousand and EUR1,600 thousand (equivalent to \$27,056 thousand, \$27,214 thousand and \$48,698 thousand), respectively.

Chia Hsin Construction & Development Corp.

	December 31	
	2023	2022
Current assets	\$ 1,771,361	\$ 1,618,320
Non-current assets	2,410,323	2,342,794
Current liabilities	(284,103)	(191,670)
Non-current liabilities	<u>(13,046)</u>	<u>(11,458)</u>
Equity	<u>\$ 3,884,535</u>	<u>\$ 3,757,986</u>
Proportion of the Company's ownership	46.18%	46.18%
Equity attributable to the Company	\$ 1,793,882	\$ 1,735,441
Premium representing the difference between fair value and carrying amount of remaining equity investments	<u>12,456</u>	<u>12,456</u>
Carrying amount	<u>\$ 1,806,338</u>	<u>\$ 1,747,897</u>

	For the Year Ended December 31	
	2023	2022
Operating revenue	<u>\$ 104,068</u>	<u>\$ 242,321</u>
Net profit for the year	\$ 67,952	\$ 4,490
Other comprehensive income (loss)	<u>57,971</u>	<u>(197,707)</u>
Total comprehensive income (loss) for the year	<u>\$ 125,923</u>	<u>\$ (193,217)</u>
Dividends received from Chia Hsin Construction & Development Corp.	<u>\$ -</u>	<u>\$ 37,751</u>

L'Hotel De Chine Corporation

	December 31	
	2023	2022
Current assets	\$ 576,846	\$ 642,150
Non-current assets	7,530,975	6,455,691
Current liabilities	(1,550,084)	(539,850)
Non-current liabilities	<u>(819,318)</u>	<u>(1,278,575)</u>
Equity	<u>\$ 5,738,419</u>	<u>\$ 5,279,416</u>
Proportion of the Company's ownership	23.10%	23.10%
Equity attributable to the Company	<u>\$ 1,325,570</u>	<u>\$ 1,219,545</u>
Carrying amount	<u>\$ 1,325,570</u>	<u>\$ 1,219,545</u>
	For the Year Ended December 31	
	2023	2022
Operating revenue	<u>\$ 1,024,386</u>	<u>\$ 1,051,051</u>
Net profit for the year	\$ 349,561	\$ 624,310
Other comprehensive income	<u>14,934</u>	<u>22,165</u>
Total comprehensive income for the year	<u>\$ 364,495</u>	<u>\$ 646,475</u>
Dividends received from L'Hotel De Chine Corporation	<u>\$ 33,999</u>	<u>\$ -</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Loss from continuing operations	\$ (63)	\$ (2,513)
Other comprehensive loss	<u>(2,018)</u>	<u>(1,215)</u>
Total comprehensive loss for the year	<u>\$ (2,081)</u>	<u>\$ (3,728)</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, 2023 and 2022 were based on the associates' financial statements which have been audited for the same years.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Company	\$ 40,449	\$ 45,640
Assets leased under operating leases	<u>496,805</u>	<u>576,487</u>
	<u>\$ 537,254</u>	<u>\$ 622,127</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, 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>
<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>
<u>Cost</u>						
Balance at January 1, 2023	\$ 4,669	\$ -	\$ 2,966	\$ 547,385	\$ 22,649	\$ 577,669
Additions	-	-	-	5,851	1,504	7,355
Balance at December 31, 2023	<u>\$ 4,669</u>	<u>\$ -</u>	<u>\$ 2,966</u>	<u>\$ 553,236</u>	<u>\$ 24,153</u>	<u>\$ 585,024</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2023	\$ -	\$ -	\$ 2,670	\$ 516,144	\$ 13,215	\$ 532,029
Depreciation expense	-	-	96	10,631	1,819	12,546
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,766</u>	<u>\$ 526,775</u>	<u>\$ 15,034</u>	<u>\$ 544,575</u>
Carrying amount at December 31, 2023	<u>\$ 4,669</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 26,461</u>	<u>\$ 9,119</u>	<u>\$ 40,449</u>

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 Improvement	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 429,490	\$ 2,131,443	\$ 2,560,933
Additions	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>79,683</u>	<u>79,683</u>
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>
<u>Cost</u>			
Balance at January 1, 2023	\$ 429,490	\$ 2,131,443	\$ 2,560,933
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 429,490</u>	<u>\$ 2,131,443</u>	<u>\$ 2,560,933</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2023	\$ 429,490	\$ 1,554,956	\$ 1,984,446
Depreciation expenses	<u>-</u>	<u>79,682</u>	<u>79,682</u>
Balance at December 31, 2023	<u>\$ 429,490</u>	<u>\$ 1,634,638</u>	<u>\$ 2,064,128</u>
Carrying amount at December 31, 2023	<u>\$ -</u>	<u>\$ 496,805</u>	<u>\$ 496,805</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	8 years
Leasehold improvement	
Office building	8-20 years
Plant	8-20 years
Others	10-20 years

In 2023 and 2022, 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	
	2023	2022
<u>Carrying amount</u>		
Building	\$ 2,431	\$ 531
Land improvement	1,601	4,802
Transportation equipment	<u>-</u>	<u>451</u>
	<u>\$ 4,032</u>	<u>\$ 5,784</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 2,977</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Building	\$ 723	\$ 529
Land improvement	3,201	3,202
Transportation equipment	<u>451</u>	<u>774</u>
	<u>\$ 4,375</u>	<u>\$ 4,505</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 56,374</u>	<u>\$ 77,999</u>
Non-current	<u>\$ 1,145,679</u>	<u>\$ 1,248,248</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Building	1.30%-2.05%	1.30%
Land improvement	1.38%-1.58%	1.38%-1.58%
Transportation equipment	2.30%	2.30%

From January 1, 2023 to December 31, 2023, the Company terminated part of the lease contracts in advance, resulting in a decrease of \$354 thousand in right-of-use assets, and recognized \$5 thousand and of gain on disposal of right-of-use assets under other gains and losses.

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>	
	2023	2022
Expenses relating to short-term leases	<u>\$ 9,847</u>	<u>\$ 9,509</u>
Total cash outflow for leases	<u>\$ (72,897)</u>	<u>\$ (71,209)</u>

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>	
	2023	2022
<u>Cost</u>		
Balance at January 1	\$ 277,135	\$ 277,135
Additions	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 277,135</u>	<u>\$ 277,135</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 11,949	\$ 10,715
Depreciation expenses	<u>1,236</u>	<u>1,234</u>
Balance at December 31	<u>\$ 13,185</u>	<u>\$ 11,949</u>

(Continued)

	For the Year Ended December 31	
	2023	2022

Carrying amount

Carrying amount at January 1	\$ 265,186	\$ 266,420
Carrying amount at December 31	<u>\$ 263,950</u>	<u>\$ 265,186</u>
		(Concluded)

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:

	December 31	
	2023	2022
The fair values of investment properties	\$ 363,138	\$ 354,645
Discount rate	7.37%	7.98%

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, 2023 and 2022 is as follows:

	December 31	
	2023	2022
Year 1	\$ 4,584	\$ 4,549
Year 2	743	4,367
Year 3	310	743
Year 4	<u>-</u>	<u>310</u>
	<u>\$ 5,637</u>	<u>\$ 9,969</u>

18. INTANGIBLE ASSETS

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance at January 1	\$ 1,792	\$ 184
Additions	<u>-</u>	<u>1,608</u>
Balance at December 31	<u>\$ 1,792</u>	<u>\$ 1,792</u>
<u>Accumulated amortization</u>		
Balance at January 1	\$ 258	\$ 15
Amortization expenses	<u>358</u>	<u>243</u>
Balance at December 31	<u>\$ 616</u>	<u>\$ 258</u>
<u>Carrying amount</u>		
Carrying amount at January 1	<u>\$ 1,534</u>	<u>\$ 169</u>
Carrying amount at December 31	<u>\$ 1,176</u>	<u>\$ 1,534</u>

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

Computer software 5 years

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
An analysis of amortization by function		
General and administrative expenses	<u>\$ 358</u>	<u>\$ 243</u>

19. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Prepayments		
Others	<u>\$ 1,908</u>	<u>\$ 2,392</u>
<u>Non-current</u>		
Refundable deposits	\$ 7,190	\$ 7,006
Others	<u>16</u>	<u>87</u>
	<u>\$ 7,206</u>	<u>\$ 7,093</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings	\$ -	\$ 585,000
Unsecured borrowings	<u>1,000,000</u>	<u>755,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,340,000</u>

The ranges of interest rates on bank loans were 1.78%-1.92% and 1.47%-2.21% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper	\$ 745,000	\$ 128,000
Less: Unamortized discounts on bills payable	<u>(894)</u>	<u>(386)</u>
	<u>\$ 744,106</u>	<u>\$ 127,614</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
Mega Bills	\$ 200,000	\$ (197)	\$ 199,803	1.898%	None
China Bills	200,000	(169)	199,831	1.928%	None
Ta Ching Bills	200,000	(243)	199,757	1.928%	None
International Bills	<u>145,000</u>	<u>(285)</u>	<u>144,715</u>	1.928%	None
	<u>\$ 745,000</u>	<u>\$ (894)</u>	<u>\$ 744,106</u>		

December 31, 2022

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

c. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Bank loans</u>		
Secured borrowings	\$ 4,210,000	\$ 4,376,250
Unsecured borrowings	<u>70,000</u>	<u>90,000</u>
	4,280,000	4,466,250
Less: Current portion	<u>(393,750)</u>	<u>(577,500)</u>
Long-term borrowings	<u>\$ 3,886,250</u>	<u>\$ 3,888,750</u>

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. As of December 31, 2023 and 2022, the annual interest rates were 1.80%-1.99% and 1.43%-1.86%, respectively. The loan is repayable in 5 to 7 years, and the final maturity date of the loan is September 8, 2030.

2) Refer to Note 32 for the secured loans guaranteed by related parties or collaterals by related parties.

21. NOTES PAYABLE AND TRADE PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes payable</u>		
Operating	<u>\$ 3,329</u>	<u>\$ 1,907</u>
<u>Trade payables</u>		
Operating	<u>\$ 66,133</u>	<u>\$ 64,037</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 18,099	\$ 15,244
Payables for interests	2,833	1,920
Payable for insurance	1,032	962
Payables for professional fees	4,770	3,894
Payables for VAT	6,304	2,070
Payables for machinery and equipment	380	-
Others	<u>3,000</u>	<u>3,204</u>
	<u>\$ 36,418</u>	<u>\$ 27,294</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 (the "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	
	2023	2022
Present value of defined benefit obligation	\$ (81,091)	\$ (82,670)
Fair value of plan assets	<u>78,976</u>	<u>83,512</u>
Surplus (deficit)	<u>(2,115)</u>	<u>842</u>
Net defined benefit assets (liabilities)	<u>\$ (2,115)</u>	<u>\$ 842</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, 2022	\$ (87,927)	\$ 77,399	\$ (10,528)
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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
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>
Service cost			
Current service cost	(1,365)	-	(1,365)
Net interest (expense) income	<u>(1,233)</u>	<u>1,260</u>	<u>27</u>
Recognized in profit or loss	<u>(2,598)</u>	<u>1,260</u>	<u>(1,338)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	475	475
Actuarial loss			
Changes in financial assumptions	(1,421)	-	(1,421)
Experience adjustments	<u>(2,186)</u>	<u>-</u>	<u>(2,186)</u>
Recognized in other comprehensive income	<u>(3,607)</u>	<u>475</u>	<u>(3,132)</u>
Benefits paid	7,784	(7,784)	-
Contributions from the employer	<u>-</u>	<u>1,513</u>	<u>1,513</u>
Balance at December 31, 2023	<u>\$ (81,091)</u>	<u>\$ 78,976</u>	<u>\$ (2,115)</u> (Concluded)

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	
	2023	2022
Discount rate	1.25%	1.50%
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	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (1,421)</u>	<u>\$ (1,748)</u>
0.25% decrease	<u>\$ 1,462</u>	<u>\$ 1,802</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 1,425</u>	<u>\$ 1,762</u>
0.25% decrease	<u>\$ (1,393)</u>	<u>\$ (1,717)</u>

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	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 1,458</u>	<u>\$ 1,989</u>
Average duration of the defined benefit obligation	8.2 years	9.8 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>1,500,000</u>	<u>1,500,000</u>
Amount of shares authorized	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>790,247</u>	<u>774,781</u>
Amount of shares issued and fully paid	<u>\$ 7,902,474</u>	<u>\$ 7,747,805</u>

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

The Company's shareholders resolved to distribute share dividends of \$154,669 thousand in May 2023, which were approved by the FSC. The subscription base date was August 2, 2023 as determined by the board of directors.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May only be used to offset a deficit (1)</u>		
Treasury share transaction	\$ 367,772	\$ 367,772
Unclaimed dividends extinguished by prescription	12,589	9,792
Unclaimed dividends extinguished by prescription of subsidiaries	3,892	3,106
Changes in equity of associates accounted for using the equity method	72,627	29,768
<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	816,290	782,977
Disposal of treasury shares	24,829	24,829
Share-based payment	15,428	15,428
Share-based payment of 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>\$ 1,318,181</u>	<u>\$ 1,238,426</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).

For the years ended December 31, 2023 and 2022, the Company distributed cash dividends to subsidiaries, with capital surplus - treasury shares adjusted by the amounts of \$33,313 thousand and \$72,177 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 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 appropriations of earnings for 2022 and 2021 approved in the shareholders' regular meetings on May 30, 2023 and June 14, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ -	\$ 68,062
Cash dividends	232,004	502,675
Cash dividends per share (NT\$)	0.30	0.65
Share dividends	154,669	-
Share dividends per share (NT\$)	0.20	-

The appropriation of earnings for 2023 is expected to be proposed by the board of directors in April 2024 and will be resolved by the shareholders in their meeting to be held on May 24, 2024.

d. Special reserve

If a special reserve appropriated on the first-time adoption of IFRS Accounting Standards 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.

The special reserves recognized as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
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)	1,792,502	1,793,450
Exchange differences on translation of the financial statements of foreign operations	<u>168,790</u>	<u>168,790</u>
	<u>\$ 2,257,048</u>	<u>\$ 2,257,996</u>

Note: In the third quarter of 2023, the Company completed subsequent disposal transactions and recognized a reversal of \$948 thousand on revaluation of investment properties due to the initial application of the IFRS Accounting Standards.

e. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (648,722)	\$ (800,236)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(2,539)	165,564
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	(24,548)	23,830
Related income tax	<u>5,417</u>	<u>(37,880)</u>
Other comprehensive (loss) income recognized for the year	<u>(21,670)</u>	<u>151,514</u>
Balance at December 31	<u>\$ (670,392)</u>	<u>\$ (648,722)</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 3,459,972	\$ 6,779,354
Recognized for the year		
Unrealized gain (loss) on financial assets at FVTOCI	355,462	(2,327,630)
Unrealized gain (loss) on financial assets at FVTOCI held by associates accounted for using the equity method	<u>135,126</u>	<u>(991,752)</u>
Other comprehensive income (loss) recognized for the year	<u>490,588</u>	<u>(3,319,382)</u>
Balance at December 31	<u>\$ 3,950,560</u>	<u>\$ 3,459,972</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, 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>
Number of shares at January 1, 2023	1,435	127,371	128,806
Increase during the year (Note)	-	2,547	2,547
Decrease during the year	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares at December 31, 2023	<u>1,435</u>	<u>129,918</u>	<u>131,353</u>

Note: The shares dividend distributed by the Company of the year 2023.

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, 2023</u>			
<u>By direct investment</u>			
Tong Yang Chia Hsin International Corporation	129,918	<u>\$ 1,055,710</u>	<u>\$ 2,157,646</u>
<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>

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, 2023	December 31, 2022	January 1, 2022
Notes receivable and trade receivables (Note 10)	<u>\$ 261,962</u>	<u>\$ 169,275</u>	<u>\$ 156,670</u>
Trade receivables from related parties (Note 32)	<u>\$ 11,462</u>	<u>\$ 9,637</u>	<u>\$ 16,795</u>
Contract liabilities - current Sale of goods	<u>\$ 20,053</u>	<u>\$ 12,753</u>	<u>\$ 12,278</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, 2023 and 2022 was \$12,753 thousand and \$12,278 thousand, respectively.

c. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
	2023	2022
Type of goods or services		
Sale of goods	\$ 1,269,680	\$ 986,402
Rental income	4,766	4,730
Rendering of service	30,485	33,896
Other revenue		
Revenue from warehousing and storage service	<u>158,220</u>	<u>151,322</u>
	<u>\$ 1,463,151</u>	<u>\$ 1,176,350</u>

26. NET PROFIT

Net profit from continuing operations was attributable to:

a. Interest income

	<u>For the Year Ended December 31</u>	
	2023	2022
Bank deposits	\$ 44,923	\$ 13,909
Net investments in leases (Note 32)	<u>19,468</u>	<u>20,117</u>
	<u>\$ 64,391</u>	<u>\$ 34,026</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Dividends (Note 32)	\$ 155,174	\$ 235,473
Remuneration of director (Note 32)	15,196	31,727
Others	<u>1,215</u>	<u>1,435</u>
	<u>\$ 171,585</u>	<u>\$ 268,635</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange (losses) gains (Note 26-h)	\$ (48,450)	\$ 68,895
Loss on fair value changes of financial assets mandatorily classified as at FVTPL	(7,715)	(120,353)
Service fee arising from endorsement guarantee (Note 32)	(17,164)	(18,842)
Gain on disposal of right-of-use assets (Note 16)	5	-
Others	<u>(11)</u>	<u>(10)</u>
	<u>\$ (73,335)</u>	<u>\$ (70,310)</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 112,028	\$ 82,239
Interest on lease liabilities	<u>19,564</u>	<u>20,231</u>
	<u>\$ 131,592</u>	<u>\$ 102,470</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 92,228	\$ 102,890
Investment properties	1,236	1,234
Right-of-use assets	4,375	4,505
Intangible assets	<u>358</u>	<u>243</u>
	<u>\$ 98,197</u>	<u>\$ 108,872</u>
 An analysis of depreciation by function		
Operating costs	\$ 94,635	\$ 104,262
Operating expenses	<u>3,204</u>	<u>4,367</u>
	<u>\$ 97,839</u>	<u>\$ 108,629</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ 358</u>	<u>\$ 243</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 118,959	\$ 129,657
Post-employment benefits (Note 23)		
Defined contribution plan	4,006	3,571
Defined benefit plans	1,338	1,786
Other employee benefits	<u>6,708</u>	<u>5,514</u>
	<u>\$ 131,011</u>	<u>\$ 140,528</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 18,791	\$ 13,450
Operating expenses	<u>112,220</u>	<u>127,078</u>
	<u>\$ 131,011</u>	<u>\$ 140,528</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 year ended December 31, 2023, which was approved by the Company's board of directors on February 27, 2024, are as follows:

Accrual rate

	For the Year Ended December 31, 2023
Compensation of employees	2.87%
Remuneration of directors	2.87%

Amount

	For the Year Ended December 31, 2023	
	Cash	Shares
Compensation of employees	\$ 700	\$ -
Remuneration of directors	700	-

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, 2022 and 2021.

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Foreign exchange gains	\$ 52,796	\$ 147,373
Foreign exchange losses	<u>(101,246)</u>	<u>(78,478)</u>
Net foreign exchange (losses) gains	<u>\$ (48,450)</u>	<u>\$ 68,895</u>

27. INCOME TAXES

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 are as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Current tax		
In respect of the current year	\$ (22,881)	\$ (31,466)
Adjustments for prior years	<u>123</u>	<u>(299)</u>
	(22,758)	(31,765)
Deferred tax		
In respect of the current year	<u>(35,373)</u>	<u>26,306</u>
Income tax benefit recognized in profit or loss	<u>\$ (58,131)</u>	<u>\$ (5,459)</u>

A reconciliation of accounting profit and income tax benefit is as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Profit (loss) before tax from continuing operations	\$ <u>22,951</u>	\$ <u>(186,221)</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 4,590	\$ (37,243)
Nondeductible expenses in determining taxable income	172	159
Tax-exempt income	(102,593)	(43,960)
Unrecognized deductible temporary differences	39,577	75,884
Adjustments for prior years' income tax	<u>123</u>	<u>(299)</u>
Income tax benefit recognized in profit or loss	\$ <u>(58,131)</u>	\$ <u>(5,459)</u>

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (5,417)	\$ 37,880
Remeasurement of defined benefit plans	<u>(626)</u>	<u>2,241</u>
Total income tax recognized in other comprehensive income	\$ <u>(6,043)</u>	\$ <u>40,121</u>

c. Current tax liabilities

	<u>December 31</u>	
	2023	2022
Current tax liabilities		
Income tax payable	\$ <u>8,948</u>	\$ <u>-</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Retirement pension	\$ 51,590	\$ (35)	\$ -	\$ 51,555
Defined benefit obligations	6,929	-	626	7,555
Payables for annual leave	477	(50)	-	427

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
Unrealized gain or loss on foreign exchange	\$ -	\$ 9,697	\$ -	\$ 9,697
Exchange differences on the translation of the financial statements of foreign operations	120,676	-	5,417	126,093
Fair value changes of financial assets at FVTPL	2,122	4,353	-	6,475
Inventories write-downs	718	(718)	-	-
Others	<u>1,579</u>	<u>(116)</u>	<u>-</u>	<u>1,463</u>
	<u>\$ 184,091</u>	<u>\$ 13,131</u>	<u>\$ 6,043</u>	<u>\$ 203,265</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Net gain on investment accounted for using the equity method	\$ 290,907	\$ (8,764)	\$ -	\$ 282,143
Unrealized gain or loss on foreign exchange	13,478	(13,478)	-	-
Others	<u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>
	<u>\$ 304,447</u>	<u>\$ (22,242)</u>	<u>\$ -</u>	<u>\$ 282,205</u> (Concluded)

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> (Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
<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> (Concluded)

- 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>2023</u>	<u>2022</u>
Deductible temporary differences		
Loss on investments in subsidiaries and associates accounted for using the equity method	<u>\$ 2,326,579</u>	<u>\$ 2,107,833</u>

- f. Income tax assessments

The business income tax returns of the Company through 2021 have been assessed by the tax authorities.

28. EARNINGS (LOSS) PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2023	2022
Basic earnings (loss) per share	<u>\$ 0.12</u>	<u>\$ (0.27)</u>
Diluted earnings (loss) per share	<u>\$ 0.12</u>	<u>\$ (0.27)</u>

The weighted average number of shares outstanding used for the earnings (loss) per share computation was adjusted retroactively for the issuance of bonus shares on August 2, 2023. The basic and diluted earnings (loss) per share adjusted retrospectively for the year ended December 31, 2022 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic loss per share	<u>\$ (0.28)</u>	<u>\$ (0.27)</u>
Diluted loss per share	<u>\$ (0.28)</u>	<u>\$ (0.27)</u>

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

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2023	2022
Profit (loss) for the year	\$ 81,082	\$ (180,762)
Effect of potentially dilutive ordinary shares		
Compensation of employees	_____ -	_____ -
Earnings (loss) used in the computation of diluted earnings (loss) per share	<u>\$ 81,082</u>	<u>\$ (180,762)</u>

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

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	658,894	658,894
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>37</u>	_____ - (Note)
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>658,931</u>	<u>658,894</u>

Note: The balance was anti-dilutive and excluded from the computation of diluted earnings (loss) 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 (loss) per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings (loss) per share until the number of shares to be distributed to employees is resolved in the following year.

29. CASH FLOW INFORMATION

Changes In Liabilities Arising from Financing Activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Re-measurement	New Leases	Amortization of Interest Expense	Others	
Short-term borrowings	\$ 1,340,000	\$ (340,000)	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Short-term bills payable	127,614	617,000	-	-	(508)	-	744,106
Long-term borrowings	4,466,250	(186,250)	-	-	-	-	4,280,000
Guarantee deposits received	22,926	(734)	-	-	-	-	22,192
Lease liabilities	<u>1,326,247</u>	<u>(43,486)</u>	<u>(83,685)</u>	<u>2,977</u>	<u>19,564</u>	<u>(19,564)</u>	<u>1,202,053</u>
	<u>\$ 7,283,037</u>	<u>\$ 46,530</u>	<u>\$ (83,685)</u>	<u>\$ 2,977</u>	<u>\$ 19,056</u>	<u>\$ (19,564)</u>	<u>\$ 7,248,351</u>

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>

30. 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 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.

31. 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares in domestic market	\$ 296,708	\$ -	\$ -	\$ 296,708
Listed shares in foreign market	25,820	-	-	25,820
Mutual funds	21,059	-	427,533	448,592
Convertible bonds	<u>-</u>	<u>-</u>	<u>29,922</u>	<u>29,922</u>
	<u>\$ 343,587</u>	<u>\$ -</u>	<u>\$ 457,455</u>	<u>\$ 801,042</u>
Financial assets at FVTOCI				
Listed shares in domestic market	\$ 8,314,553	\$ -	\$ -	\$ 8,314,553
Unlisted shares in domestic market	<u>-</u>	<u>-</u>	<u>482,716</u>	<u>482,716</u>
	<u>\$ 8,314,553</u>	<u>\$ -</u>	<u>\$ 482,716</u>	<u>\$ 8,797,269</u>

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>

There were no transfers between Levels 1 and 2 in 2023 and 2022.

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

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Mutual Funds	Convertible Bonds	Equity Instruments	
Balance at January 1, 2023	\$ 468,839	\$ -	\$ 458,819	\$ 927,658
Purchase	-	30,000	-	30,000
Disposal	(35,661)	-	-	(35,661)
Recognized in profit or loss	(5,645)	(78)	-	(5,723)
Recognized in other comprehensive income	-	-	23,897	23,897
Balance at December 31, 2023	<u>\$ 427,533</u>	<u>\$ 29,922</u>	<u>\$ 482,716</u>	<u>\$ 940,171</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ (5,645)</u>	<u>\$ (78)</u>	<u>\$ -</u>	<u>\$ (5,723)</u>

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Mutual Funds	Equity Instruments	
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>

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, 2023 and 2022, the ranges of liquidity discount used were 20.00%-30.00% and 14.18%-20.42%, respectively.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 801,042	\$ 814,418
Financial assets measured at amortized cost (1)	2,151,810	2,027,592
Financial assets at FVTOCI		
Equity instruments	8,797,269	8,441,807
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	6,261,671	6,140,592

- 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 cost, 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 Company's treasury function keeps close attention, and continuously tracks financial information and acts in concert with investment projects, plans and diversifies the positions of major international currencies to effectively manage the risks of interest rate and exchange rate changes and achieve the purpose of reducing risks. Also, the Company treasury function reports regularly to the Company's management, which monitors risks and implements policies 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 35.

Sensitivity analysis

The Company was mainly exposed to the USD 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)		JPY Impact (ii)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Profit or loss	\$ 44,539	\$ 43,497	\$ 39,023	\$ 38,605

- i. 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.
- ii. 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 USD and JPY.

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:

	<u>December 31</u>	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 2,158,751	\$ 2,294,968
Financial liabilities	2,746,159	2,053,861
Cash flow interest rate risk		
Financial assets	833,523	791,286
Financial liabilities	4,480,000	5,206,250

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, 2023 and 2022 would have decreased/increased by \$9,116 thousand and \$11,037 thousand, respectively.

For the year ended December 31, 2023, the Company's sensitivity to interest rates decreased during the current period mainly due to the decrease 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 price (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, 2023 would have increased/decreased by \$5,043 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, 2023 would have increased/decreased by \$7,429 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, 2023 would have increased/decreased by \$2,967 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, 2023 would have increased/decreased by \$80,544 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity price (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.

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, 2023 and 2022, receivables from the top 10 customers were 73% and 80%, 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, 2023 and 2022, 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, 2023

	On Demand or Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 116,977	\$ 94,600	\$ 4,425	\$ 2,120	\$ 19,443
Fixed interest rate liabilities	686,268	862,217	-	-	-
Lease liabilities	17,278	108	57,316	264,312	1,072,098
Variable interest rate liabilities	<u>7,316</u>	<u>14,631</u>	<u>655,889</u>	<u>3,050,037</u>	<u>1,056,013</u>
	<u>\$ 827,839</u>	<u>\$ 971,556</u>	<u>\$ 717,630</u>	<u>\$ 3,316,469</u>	<u>\$ 2,147,554</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>\$ 74,702</u>	<u>\$ 264,312</u>	<u>\$ 327,890</u>	<u>\$ 327,890</u>	<u>\$ 327,890</u>	<u>\$ 88,428</u>

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
<u>Non-derivative financial liabilities</u>					
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>

b) Financing facilities

	<u>December 31</u>	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 1,815,000	\$ 973,000
Amount unused	<u>2,025,000</u>	<u>2,607,000</u>
	<u>\$ 3,840,000</u>	<u>\$ 3,580,000</u>
Secured bank overdraft facilities:		
Amount used	\$ 4,210,000	\$ 4,961,250
Amount unused	<u>1,160,000</u>	<u>275,000</u>
	<u>\$ 5,370,000</u>	<u>\$ 5,236,250</u>

32. 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

<u>Related Party Name</u>	<u>Related Party Category</u>
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 B.O.D.
Tong Yang Chia Hsin International Corporation	Subsidiary
Chia Hsin Property Management & Development Corporation	Subsidiary
Chia Pei International Corporation	Subsidiary
Jaho Life Plus+ Management Corp., Ltd.	Subsidiary
YJ International Corporation	Subsidiary
CHC Ryukyu Development GK	Subsidiary
CHC Ryukyu COLLECTIVE KK	Subsidiary
Bluesky Corp.	Subsidiary
Chia Sheng Construction Corp.	Subsidiary
Chia Hsin Construction & Development Corp.	Associate
LDC ROME HOTELS S.R.L.	Associate
La Trinite Naturelle Corp.	Substantive related party
Pan Asian (Engineers & Constructors) Corporation	The Company acts as a supervisor

b. Revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
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	6,722	5,907
	CHC Ryukyu Development GK	4,176	12,098
	Bluesky Corp.	924	-
	Chia Sheng Construction Corp.	2,772	-
	Jaho Life Plus+ Management Corp., Ltd.	<u>3,120</u>	<u>3,120</u>
		<u>\$ 30,485</u>	<u>\$ 33,896</u>
Other revenue	The Company acts as a member of B.O.D.		
	Taiwan Cement Corporation (2)	\$ 38,410	\$ 33,372
	Subsidiaries		
	Chia Pei International Corporation (3)	<u>93,763</u>	<u>88,313</u>
	<u>\$ 132,173</u>	<u>\$ 121,685</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	
		2023	2022
Purchases of goods	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 583,700	\$ 544,950
Other operating cost	Subsidiaries		
	Tong Yang Chia Hsin International Corporation (1)	\$ 64,566	\$ 59,974
	Chia Pei International Corporation (2)	14,414	14,991
		\$ 78,980	\$ 74,965

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	
		2023	2022
Trade receivables	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 7,455	\$ 3,206
	Subsidiaries		
	Chia Pei International Corporation	2,203	4,564
	Others	1,804	1,867
		\$ 11,462	\$ 9,637
Other receivables	Subsidiaries		
	Tong Yang Chia Hsin International Corporation	\$ 567	\$ 513
	Chia Hsin Property Management & Development Corporation	4,615	4,213
	Associates	215	68
		\$ 5,397	\$ 4,794
Other receivables under linked-tax system (other receivables from related parties)	Subsidiaries Chia Hsin Property Management & Development Corporation	\$ 33,961	\$ 31,446

The outstanding trade and other receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, 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	
		2023	2022
Trade payables	Subsidiaries	\$ 5,989	\$ 5,862
	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	<u>110,880</u>	<u>83,160</u>
		<u>\$ 116,869</u>	<u>\$ 89,022</u>
Other payables	Subsidiaries		
	Chia Hsin Property Management & Development Corporation	<u>\$ 18,059</u>	<u>\$ 19,818</u>

The outstanding trade and other payables to related parties are unsecured.

f. 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, 2023 and 2022, no impairment loss was recognized on finance lease receivable from related parties.

Line Item	Related Party Category/Name	December 31	
		2023	2022
Finance lease receivables	Subsidiaries		
	Chia Pei International Corporation	<u>\$ 1,197,853</u>	<u>\$ 1,320,310</u>

Interest income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Chia Pei International Corporation	<u>\$ 19,468</u>	<u>\$ 20,117</u>

g. Other related party transactions

1)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Rental expense	Subsidiaries	\$ 9,372	\$ 9,372
Operating expense - entertainment	Substantive related parties	\$ 1,189	\$ 989
Operating expense - others	Substantive related parties	\$ 1	\$ 6
The remuneration of directors and supervisors (other income)	Subsidiaries	\$ 5,167	\$ 4,713
	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	9,243	26,220
	Others	383	657
	Associates	215	137
	The Company acts as a supervisor	188	-
		\$ 15,196	\$ 31,727

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 party.

2)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Dividends (the credit item of investments accounted for using the equity method)	Subsidiaries	\$ 154,543	\$ 511,233
	Associates	33,999	37,751
		\$ 188,542	\$ 548,984
Dividends revenue	The Company acts as a member of the B.O.D.		
	Taiwan Cement Corporation	\$ 119,748	\$ 217,703
	Others	2,000	2,400
	The Company acts as a supervisor	4,077	-
		\$ 125,825	\$ 220,103

h. Endorsements and guarantees

Endorsements and guarantees provided by the Company

	December 31			
	2023		2022	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
CHC Ryukyu Development GK	\$ 325,800	\$ 716,760	\$ 269,584	\$ 766,920
CHC Ryukyu COLLECTIVE KK	1,151,160	1,340,273	1,162,000	1,525,955
Associates				
LDC ROME HOTELS S.R.L.	<u>258,248</u>	<u>340,000</u>	<u>314,112</u>	<u>340,000</u>
	<u>\$ 1,735,208</u>	<u>\$ 2,397,033</u>	<u>\$ 1,745,696</u>	<u>\$ 2,632,875</u>

Endorsements and guarantees given by the subsidiaries

	December 31			
	2023		2022	
	Amount Utilized	Amount Endorsed	Amount Utilized	Amount Endorsed
Subsidiaries				
Chia Hsin Property Management & Development Corporation	<u>\$ 4,280,000</u>	<u>\$ 6,440,000</u>	<u>\$ 5,051,250</u>	<u>\$ 6,440,000</u>

For the years ended December 31, 2023 and 2022, the service fee on the endorsements and guarantees between the Company and subsidiaries are as follows:

	Endorsements and Guarantees Provided by Related Parties (Other Gains and Losses) For the Year Ended December 31	
	2023	2022
	Subsidiaries	
Chia Hsin Property Management & Development Corporation	<u>\$ 17,164</u>	<u>\$ 18,842</u>

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.

i. Remuneration of key management personnel

The Remuneration of key management personnel are as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 40,891	\$ 51,504
Post-employment benefits	<u>536</u>	<u>-</u>
	<u>\$ 41,427</u>	<u>\$ 51,504</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.

33. 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	
	2023	2022
Financial assets at amortized cost - non-current	<u>\$ 1,103</u>	<u>\$ 9,476</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

Significant Commitments

As of December 31, 2023 and 2022, the Company had bank guarantees of \$139,288 thousand issued under its name for the operations in the ports.

35. 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, 2023

<u>Financial assets</u>	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Monetary items			
USD	\$ 29,011	30.705 (USD:NTD)	\$ 890,772
HKD	1,467	3.9320 (HKD:NTD)	5,768
EUR	53	33.98 (EUR:NTD)	1,804
JPY	3,593,284	0.2172 (JPY:NTD)	780,461
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
Non-monetary items			
Investments accounted for using the equity method			
EUR	\$ 12,301	33.98 (EUR:NTD)	\$ 417,997
USD	77,578	30.705 (USD:NTD)	2,382,037
Financial assets at FVTPL			
USD	9,932	30.705 (USD:NTD)	304,949
HKD	6,567	3.9320 (HKD:NTD)	25,820
EUR	4,227	33.98 (EUR:NTD)	143,643
			(Concluded)

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

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(48,450) thousand and \$68,895 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.

36. OTHERS

a. Important contracts

- 1) 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 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.

- 2) 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.
- 3) 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 build silos, loading and unloading equipment at the 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.
- 4) 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.

b. Others

The East Wharf No. 15 in the Port of Taipei collapsed on January 21, 2019, and then at the Port of Keelung, Taiwan International Ports Corporation Ltd. ("Ports Corporation") repaired the wharf, which was completed on November 12, 2020. Ports Corporation claimed that Chia Hsin Cement Corporation compensate the related repair expenses in the amount of \$116,791 thousand. After many court sessions and meetings, Ports Corporation confirmed that the collapse of East Wharf No. 15 in the Port of Taipei in 2019 was not attributable to Chia Hsin Cement Corporation. The two parties reached a settlement on May 3, 2023, and Chia Hsin Cement Corporation did not need to bear any repair expenses or penalties for damages.

37. 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 (Notes 7 and 31)
- 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)

CHIA HSIN CEMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		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.	f.	\$ 7,902,474 (Paid-in capital)	\$ 340,000	\$ 340,000	\$ 258,248	\$ -	1.57%	\$ 21,681,451	No	No	No
		CHC Ryukyu Development GK	b.	7,902,474 (Paid-in capital)	766,920	716,760	325,800	-	3.31%	21,681,451	Yes	No	No
		CHC Ryukyu COLLECTIVE KK	b.	7,902,474 (Paid-in capital)	1,525,955	1,340,273	1,151,160	-	6.18%	21,681,451	Yes	No	No
1	Chia Hsin Property Management & Development Corporation (Note 3)	Chia Hsin Cement Corporation	c.	21,681,451	7,940,000	6,440,000	4,280,000	6,440,000	29.70%	21,681,451	No	Yes	No
2	Jaho Life Plus+ Management Corp., Ltd. (Note 4)	Gemcare Maternity Center	a.	18,714	2,500	2,500	2,500	2,500	0.01%	400,000	No	No	No
		Gemcare Dunhua Maternity Center	a.	26,761	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 amount 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 amount 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/guarantee indicated as numbers in the table above are as follows:

- a. Having a business relationship.
- b. The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- d. The endorser/guarantor owns directly or indirectly more than 90% of the ordinary shares of the endorsee/guarantee.
- e. Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- f. Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- g. 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, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Hsin Cement Corporation	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	8,513,782	\$ 296,705	0.11	\$ 296,705	
	Asia Cement Corporation		Financial assets at FVTPL - current	71	3	0.00	3	
	<u>Foreign shares</u> Anhui Conch Cement Co., Ltd.		Financial assets at FVTPL - current	364,000	25,820	0.01	25,820	
	<u>Foreign fund</u> JPMorgan Funds - Russia		Financial assets at FVTPL - current	81,953	-	-	-	
	JPMorgan Funds - ASEAN Fund		Financial assets at FVTPL - current	2,697	11,715	-	11,715	
	JPMorgan Funds - Pacific Technology Fund		Financial assets at FVTPL - current	3,769	9,344	-	9,344	
	The Partners Fund - Class N-N (SERIES 27)		Financial assets at FVTPL - current	2,453	107,302	-	107,302	
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC-Class A ACC - (Series 14)		Financial assets at FVTPL - current	1,420	68,047	-	68,047	
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC-Class A ACC - (Series 30)		Financial assets at FVTPL - current	1,147	54,955	-	54,955	
	Gopher US Venture Fund III		Financial assets at FVTPL - current	-	53,586	-	53,586	
	Barings Europe Core Property Fund		Financial assets at FVTPL - current	4,192	143,643	-	143,643	
	<u>Bonds</u> Smart Ageing Tech Co., Ltd. - convertible bonds		The Company acts as a member of the B.O.D.	Financial assets at FVTPL - current	-	29,922	-	29,922
	<u>Shares</u> Taiwan Cement Corporation		The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - current	27,939,039	973,676	0.36	973,036
	CHC Resources Corporation	Financial assets at FVTOCI - current		4,285,694	246,856	1.72	246,856	
	Chien Kuo Construction Co., Ltd.	Financial assets at FVTOCI - current		771,256	13,304	0.31	13,304	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Tong Yang Chia Hsin International Corporation	<u>Shares</u> Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	203,176,955	\$ 7,080,717	2.62	\$ 7,080,717	
	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	10,696	10.00	10,696	
	Pan Asian (Engineers & Constructors) Corporation	The Company acts as a supervisor	Financial assets at FVTOCI - non-current	2,718,217	43,192	2.38	43,192	
	Chia Hsin Ready-Mixed Concrete Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	13,163,585	262,877	13.71	262,877	
	Overseas Investment & Development Corp.		Financial assets at FVTOCI - non-current	2,000,000	22,920	2.22	22,920	
	Smart Ageing Tech Co., Ltd.	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	3,600,000	51,660	10.62	51,660	
	Gping Wellness Co., Ltd.		Financial assets at FVTOCI - non-current	494,512	91,371	18.00	91,371	
	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	-	
	Tong Yang Chia Hsin International Corporation	<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	521,005	0.19	521,005
		Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - current	35,700,561	1,244,164	0.46	1,244,164
Chia Hsin Cement Corporation		Parent company	Financial assets at FVTOCI - non-current	129,917,726	2,474,933	16.44	2,474,933	
Taiwan Cement Corporation		The Company acts as a member of the B.O.D.	Financial assets at FVTOCI - non-current	66,262,371	2,309,244	0.85	2,309,244	
IBT Second Venture Capital Co., Ltd.			Financial assets at FVTOCI - non-current	725,493	5,653	4.17	5,653	
Kaohsiung Tug and Port Service Corp.	Financial assets at FVTOCI - non-current		350,000	2,688	0.88	2,688		
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	<u>Shares</u> Anhui Conch Cement Co., Ltd.	.	Financial assets at FVTPL - current	1,162,400	113,685	0.02	113,685	

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.

(Concluded)

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, 2023**

(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	Payment Terms	Ending Balance	% of Total	
Chia Hsin Cement Corporation	Taiwan Cement Corporation	The Company acts as a member of the B.O.D.	Purchases	\$ 583,700	50	60 days from the purchase day	N/A (equal to the price for other clients)	N/A (same as the term for other clients)	\$ (110,880)	(60)	

CHIA HSIN CEMENT CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

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	\$ 1,197,853 (Note 1)	-	\$ -	-	\$ 14,517	\$ -

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 February 27, 2024.

CHIA HSIN CEMENT CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark	
				December 31, 2023	December 31, 2022	Number of Shares (In Thousands)	%	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 housings	\$ 656,292	\$ 656,292	31,458,920	46.18	\$ 1,806,338	\$ 67,952	\$ 31,380	(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	5,704,901	122,438	106,741	Subsidiary	
	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	1,000,000	100.00	3,988,327	139,391	139,391	Subsidiary	
	Chia Pei International Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	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	120,000	120,000	19,560,000	100.00	212,378	12,869	12,869	Subsidiary	
	BlueSky 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	84,144	527	527	Subsidiary	
	Chia Hsin Pacific Limited	Cayman Islands	Holding company	969,104	969,104	19,186,070	74.16	2,382,037	(44,591)	(33,066)	Subsidiary	
	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	369,300	(156,696)	(156,696)	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	84,951	(40,379)	(40,379)	Subsidiary	
	Chia Hsin Green Electricity Corporation	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Electricity generation; self-use renewable energy generation equipment; electrical installation; electrical equipment inspection and maintenance; energy technology service	5,000	-	500,000	100.00	4,993	(7)	(7)	Subsidiary	
	LDC ROME HOTELS S.R.L.	Rome, Italy	Hotel management	813,055	758,785	-	40.00	417,997	33,783	13,514	(Note 3)	
	L'Hotel De Chine Corporation	11F, No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Hotel and tourism	1,157,340	1,157,340	67,998,915	23.10	1,325,570	349,561	93,758	(Notes 3 and 4)	
	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	112,282	(323)	(63)		
	Chia Hsin Property Management & Development Corporation	Chia Sheng 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	259,685	8,529	8,529	Subsidiary
		Chuang Neng Technology Co., Ltd.	No. 96, Sec. 2, Rd. Zhongshan, Dist. Zhongshan, Taipei City	Energy technology service	22,500	5,000	2,250,000	100.00	22,287	(203)	(203)	Subsidiary
YJ International Corporation	CHC Ryukyu Development GK	2-5-7 Matsuo, Naha-shi, Okinawa, Japan	Real estate rental and leasing; management consulting service	269,931	269,931	-	100.00	106,962	(11,303)	(11,303)	Subsidiary	
Chia Hsin Pacific Limited	CHC Ryukyu COLLECTIVE KK	2-5-7 Matsuo, Naha-shi, Okinawa, Japan	Hotel management	1,948,968	1,948,968	-	100.00	190,811	(138,922)	(138,922)	Subsidiary	
	Effervesce Investment Pte. Ltd.	Singapore	Investment and holding company	NT\$ 954,270 (US\$ 31,078,656)	NT\$ 954,270 (US\$ 31,078,656)	53,274,892	100.00	NT\$ 1,287,344 (US\$ 41,926,193)	NT\$ (60,247) (US\$ -1,933,797)	NT\$ (60,247) (US\$ -1,933,797)	Subsidiary	
	Sparksvie Pte. Ltd.	Singapore	Investment and holding company	NT\$ 88,195 (US\$ 2,872,328)	NT\$ 88,195 (US\$ 2,872,328)	3,763,350	100.00	NT\$ 175,586 (US\$ 5,718,487)	NT\$ (813) (US\$ -26,096)	NT\$ (813) (US\$ -26,096)	Subsidiary	
Tong Yang Chia Hsin International Corporation	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	125,257	(323)	(66)		
	Tong Yang Chia Hsin Marine Corp. Chia Hsin Pacific Limited	Panama Cayman Islands	Shipping service Holding company	78,490 626,119	78,490 626,119	2,700 6,257,179	100.00 24.18	477,266 776,857	8,761 (44,591)	8,761 (10,784)	Subsidiary Subsidiary	

Note 1: For information on investments in mainland China, refer to Table 6.

Note 2: The original investment amounts listed above were translated using the original investment rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2023: US\$1=NT\$30.705, JPY1=NT\$0.2172, EUR1=NT\$33.98; net income items denominated in foreign currencies are translated using the average exchange rate of 2023: US\$1=NT\$31.155, JPY1=NT\$0.2221, EUR1=NT\$33.7.

Note 3: Material associates.

Note 4: The carrying amount and the profit or loss of investment includes the amortization of discount and premium.

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.

CHIA HSIN CEMENT CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(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, 2023 (Note 1 (a.))	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 1 (a.))	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 (a.) and Note 5)	Carrying Amount as of December 31, 2023 (Note 1 (a.))	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward (Note 1 (a.))	Inward (Note 1 (a.))							
Shanghai Jia Huan Concrete Co., Ltd.	Processing, manufacturing and selling of cement and other related products	\$ 15,353 (US\$ 500)	b. and c.	\$ 390,629 (US\$ 12,722)	\$ - (US\$ -)	\$ - (US\$ -)	\$ 390,629 (US\$ 12,722)	\$ 5,664 (US\$ 182)	95.23	\$ 5,664 (US\$ 182)	\$ 279,861 (US\$ 9,114)	\$ - (US\$ -)	(Note 1 (b.) (2))
Shanghai Chia Hsin Ganghui Co., Ltd.	Warehousing and packing bulk cement and formulating and delivering high-strength cement	322,403 (US\$ 10,500)	b.	493,307 (US\$ 16,066)	- (US\$ -)	- (US\$ -)	493,307 (US\$ 16,066)	11,699 (US\$ 376)	95.23	11,699 (US\$ 376)	403,438 (US\$ 13,139)	- (US\$ -)	(Note 1 (b.) (2))
Chia Hsin Business Consulting (Shanghai) Co., Ltd.	Consulting for developing information system for business and finance purpose	531,504 (US\$ 17,310)	b.	813,590 (US\$ 26,497)	- (US\$ -)	- (US\$ -)	813,590 (US\$ 26,497)	(77,203) (US\$ -2,478)	95.23	(76,489) (US\$ -2,455)	374,678 (US\$ 12,203)	- (US\$ -)	(Note 1 (b.) (2))
Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	Consulting for management of healthcare and hospitality business	325,140 (RMB 75,000)	e. Investor: Chia Hsin Business Consulting (Shanghai) Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(56,396) (RMB -12,748)	95.23	(56,396) (RMB -12,748)	113,837 (RMB 26,259)	- (US\$ -)	(Note 1 (b.) (2))
Chia Peng Gemcare Maternity (Yangzhou) Co., Ltd.	Maternity and infant health care; sales of mother & baby supplies; life & beauty services	242,772 (RMB 56,000)	e. Investor: Shanghai Chia Peng Healthcare Management Consulting Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(53,023) (RMB -11,985)	95.23	(53,023) (RMB -11,985)	108,846 (RMB 25,107)	- (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	122,820 (US\$ 4,000)	d.	425,172 (US\$ 13,847)	- (US\$ -)	- (US\$ -)	425,172 (US\$ 13,847)	(6,209) (US\$ -199)	87.18	(6,209) (US\$ -199)	168,896 (US\$ 5,501)	- (US\$ -)	(Note 1 (b.) (2))
Jiangsu Chia Hsin Real Estate Co., Ltd. (Note 6)	Developing and selling real estate and providing property management service	- (RMB -)	e. Investor: Jiangsu Jiaguo Construction & Material Storage Co., Ltd.	- (US\$ -)	- (US\$ -)	- (US\$ -)	- (US\$ -)	(2,604) (RMB -589)	87.18	(2,604) (RMB -589)	- (RMB -)	- (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, 2023	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)
\$ 7,051,956 (US\$ 229,668)	\$ 7,127,367 (US\$ 232,124)	\$ 13,451,135

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, 2023: US\$1=\$30.705 RMB1=\$4.335206; net income items denominated in foreign currencies are translated using the average exchange rate of 2023: US\$1=\$31.155, RMB1=\$4.423991.

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 Sparksvie 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 April 26, 2023. The cancellation of registration was completed on August 29, 2023.

Note 7: Expected for Jiangsu Chia Hsin Real Estate Co., Ltd, 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, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tong Yang Chia Hsin International Corporation	129,917,726	16.44
Sung Ju Investment Corp.	70,155,843	8.87
Yung-Ping Chang	42,583,141	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.

CHIA HSIN CEMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	2
Statement of financial assets at fair value through other comprehensive income - current	3
Statement of financial assets at amortized cost - current	4
Statement of notes receivable	5
Statement of trade receivables	6
Statement of finance lease receivables	Note 12
Statement of other receivables	Note 11
Statement of inventories	7
Statement of prepayments	Note 19
Statement of financial assets at fair value through other comprehensive income - non-current	8
Statement of financial assets at amortized cost - non-current	9
Statement of changes in investments accounted for using the equity method	10
Statement of changes in right-of-use assets	11
Statement of changes in property, plant and equipment	Note 15
Statement of changes in investment properties	Note 17
Statement of changes in intangible assets	Note 18
Statement of deferred tax assets	Note 27
Statement of other non-current assets	12
Statement of short-term borrowings	13
Statement of short-term bills payable	14
Statement of notes payable	15
Statement of trade payables	16
Statement of other payables	17
Statement of contract liabilities	18
Statement of long-term borrowings	19
Statement of current portion of long-term borrowings	20
Statement of lease liabilities	21
Statement of guarantee deposits	22
Statement of deferred tax liabilities	Note 27
Major Accounting Items in Profit or Loss	
Statement of operating revenue	23
Statement of operating costs	24
Statement of operating expenses	25
Statement of other operating income and expenses	Note 26
Statement of finance costs	Note 26
Statement of labor, depreciation, depletion and amortization by function	26

CHIA HSIN CEMENT CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Cash		
NTD		\$ 899
Bank deposits		
Checking accounts		27,180
Demand deposits		
NTD		2,570
USD	US\$1,397,199 @30.705	42,901
JPY	JPY3,593,283,613 @0.2172	780,461
EUR	EUR53,095 @33.98	1,804
HKD	HK\$1,466,898 @3.9320	5,768
RMB	RMB4,305 @4.3352	19
Cash equivalents		
Time deposits with original maturities of 3 months or less	Including US\$2,000,000 @30.705 with interest rates of 4.9%, expired by January 30, 2024 and NT\$100,000 thousand with an interest rate of 1.13%, expired by March 12, 2024.	161,410
Commercial paper	Interest rate of 1.20%, expired by January 23, 2024.	<u>12,957</u>
		<u>\$ 1,035,969</u>

CHIA HSIN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name of Financial Instruments	Summary	Number of Shares	Par Value	Total Amount	Cost of Acquisition	Fair Value	
						Unit Price	Total Amount
Financial assets at fair value through profit or loss							
Shares	Asia Cement Corporation	71	\$ 10	\$ -	\$ -	41.45	\$ 3
	Taiwan Cement Corporation	8,513,782	10	85,138	214,748	34.85	296,705
	Anhui Conch Cement Co., Ltd.	364,000	RMB 1	45,598	45,598	70.933	25,820
Mutual fund - beneficiary certificates	JPMorgan Funds - Russia	81,593	-	-	35,300	-	-
	JPMorgan Funds - ASEAN Fund	2,697	-	-	11,296	4,344.45	11,715
	JPMorgan Funds - Pacific Technology Fund	3,769	-	-	14,120	2,479.12	9,344
	The Partners Fund - Class N-N (Series 27)	2,453	-	-	85,858	43,746.43	107,302
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC - Class A ACC - (Series 14)	1,420	-	-	47,999	47,932.46	68,047
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC - Class A ACC - (Series 30)	1,147	-	-	54,868	47,932.46	54,955
	Gopher US Venture Fund III	-	-	-	57,230	-	53,586
	Barings European Core Property Fund	4,192	-	-	157,365	34,266.11	143,643
Convertible bonds	Smart Ageing Tech Co., Ltd.	-	-	-	30,000	-	29,922
				<u>\$ 130,736</u>	<u>754,382</u>		<u>\$ 801,042</u>
Valuation adjustment of financial assets at fair value through profit or loss					<u>46,660</u>		
						<u>\$ 801,042</u>	

CHIA HSIN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name of Financial Instruments	Summary	Number of Shares	Par Value	Carrying Amount	Cost of Acquisition	Fair Value	
						Unit Price	Total Amount
Shares	Taiwan Cement Corporation	27,939,039	\$ 10	\$ 279,390	\$ 704,518	34.85	\$ 973,676
	CHC Resources Corporation	4,285,694	10	42,857	180,241	57.60	246,856
	Chien Kuo Construction Co., Ltd.	771,256	10	7,713	11,930	17.25	13,304
					896,689		<u>\$ 1,233,836</u>
					337,147		
Valuation adjustment of financial assets at fair value through other comprehensive income							<u>\$ 1,233,836</u>

CHIA HSIN CEMENT CORPORATION**STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Summary	Amount
Time deposits with original maturities of more than 3 months		
NTD	With interest rates of 1.31%-1.45%, expired by February 24, 2024.	\$ 8,103
USD	US\$25,315,905 @30.705 with interest rates of 4.5%-5.5%, expired by November 23, 2024.	<u>777,325</u>
		<u>\$ 785,428</u>

CHIA HSIN CEMENT CORPORATION**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Summary	Amount
Unrelated parties		
Lian Hsin Construction Materials Co., Ltd.	Domestic sales of cement	\$ 60,783
Goldsun Building Materials Co., Ltd.	Domestic sales of cement	30,975
Jiu Lian Ready-Mix Concrete Co., Ltd.	Domestic sales of cement	17,711
Dong Cheng Building Materials Co., Ltd.	Domestic sales of cement	15,282
Huei You Cement Co., Ltd.	Domestic sales of cement	14,910
Pingshun Mixed Concrete Co., Ltd.	Domestic sales of cement	12,312
Others	Domestic sales of cement	<u>48,489</u>
		200,462
Less: Allowance for doubtful accounts		<u>(2,005)</u>
		<u>\$ 198,457</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

CHIA HSIN CEMENT CORPORATION**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Summary	Amount
Unrelated parties		
CHC Resources Corporation	Warehousing and storage	\$ 7,195
Yatung Ready-Mixed Concrete Corp. Linkou	Domestic sales of cement	18,885
Goldsun Building Materials Co., Ltd.	Domestic sales of cement	14,164
Huei You Cement Co., Ltd.	Domestic sales of cement	13,448
Yatung Ready-Mixed Concrete Corp. Taoyuan	Domestic sales of cement	5,513
Lian Hsin Construction Materials Co., Ltd.	Domestic sales of cement	3,911
Others	Domestic sales of cement	<u>1,030</u>
		64,146
Less: Allowance for doubtful accounts		<u>(641)</u>
		<u>\$ 63,505</u>
Related parties		
Taiwan Cement Corporation	Warehousing and storage	\$ 7,455
Chia Pei International Corporation	Technical services and warehousing and storage	2,203
Others	Technical services	<u>1,804</u>
		<u>\$ 11,462</u>

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

CHIA HSIN CEMENT CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Summary	Amount	
		Cost	Net Realizable Value
Finished goods (Note)	Cement	\$ 85,232	\$ 92,871
Raw materials (Note)	Packing materials etc.	<u>1,099</u>	<u>1,100</u>
		<u>\$ 86,331</u>	<u>\$ 93,971</u>

Note: Inventories are measured at the lower of cost or net realizable value.

CHIA HSIN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

Name	Summary	Balance, January 1, 2023		Addition		Decrease		Others (Note)	Balance, December 31, 2023	
		Number of Shares	Fair Value	Number of Shares	Amount	Number of Shares	Amount		Number of Shares	Fair Value
Shares	Taiwan Cement Corporation	203,176,955	\$ 6,836,905	-	\$ -	-	\$ -	\$ 243,812	203,176,955	\$ 7,080,717
	Pan Asian (Engineers & Constructors) Corporation	2,718,217	29,438	-	-	-	-	13,754	2,718,217	43,192
	B Current Impact Investment Fund 3	1,000,000	10,000	-	-	-	-	696	1,000,000	10,696
	Chia Hsin Ready-Mixed Concrete Corporation	12,718,440	245,115	445,145	-	-	-	8,762	13,163,585	262,877
	Overseas Investment & Development Corp.	2,000,000	16,540	-	-	-	-	6,380	2,000,000	22,920
	Smart Ageing Tech Co., Ltd.	3,600,000	63,072	-	-	-	-	(11,412)	3,600,000	51,660
	Gping Wellness Co., Ltd.	494,512	85,654	-	-	-	-	5,717	494,512	91,371
	Huatung Heping River Mining Industry Development Co., Ltd.	9,350	-	-	-	-	-	-	9,350	-
	Asia Pacific Gongshanglian Corporation Limited	21,090	-	-	-	-	-	-	21,090	-
	Chia Hsin Livestock Corp.	6,600,000	-	-	-	-	-	-	6,600,000	-
			<u>\$ 7,295,724</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 267,709</u>		<u>\$ 7,563,433</u>

Note: The unrealized valuation adjustment of financial assets at fair value through other comprehensive income.

CHIA HSIN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - NON - CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Pledged time deposits	Pledged time deposit with an interest rate of 1.575%	<u>\$ 1,103</u>

CHIA HSIN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Excluding Number of Shares, Par Value and Unit Price)

	Balance, January 1, 2023		Addition		Decrease		Using the Equity Method			Balance, December 31, 2023			Market Price or Net Equity Value		Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Investment (Loss) Income (Note 1)	Exchange Differences	Others (Notes 2 and 3)	Number of Shares	Ownership %	Amount	Unit Price	Total Amount	
Investments accounted for using the equity method															
Sung Ju Investment Corp.	5,800,000	\$ 114,363	-	\$ -	-	\$ -	\$ (63)	\$ -	\$ (2,018)	5,800,000	19.33	\$ 112,282	19.36	\$ 112,282	None
Chia Hsin Construction & Development Corp.	31,458,920	1,747,897	-	-	-	-	31,380	(253)	27,314	31,458,920	46.18	1,806,338	57.42	1,806,338	None
Tong Yang Chia Hsin International Corporation	257,703,050	5,536,493	-	-	-	-	106,741	(5,764)	67,431	257,073,050	87.18	5,704,901	22.19	5,704,901	None
Chia Hsin Property Management & Development Corporation	100,000,000	3,958,936	-	-	-	-	139,391	-	(110,000)	100,000,000	100.00	3,988,327	39.88	3,988,327	None
Chia Pei International Corporation	19,560,000	199,509	-	-	-	-	12,869	-	-	19,560,000	100.00	212,378	10.86	212,378	None
Chia Hsin Pacific Limited	19,186,070	2,430,831	-	-	-	-	(33,066)	(15,728)	-	19,186,070	74.16	2,382,037	124.15	2,382,037	None
BlueSky Co., Ltd.	8,300,000	84,458	-	-	-	-	527	-	(841)	8,300,000	100.00	84,144	10.14	84,144	None
YJ International Corporation	228,000,000	548,620	-	-	-	-	(156,696)	(22,244)	(380)	228,000,000	100.00	369,300	1.62	369,300	None
LDC ROME HOTELS S.R.L.	-	337,024	-	54,270	-	-	13,514	13,189	-	-	40.00	417,997	20.62	417,997	None
Jaho Life Plus+ Management Corp., Ltd.	40,000,000	125,330	-	-	-	-	(40,379)	-	-	40,000,000	100.00	84,951	2.12	84,951	None
L'Hotel De Chine Corporation	67,998,915	1,219,545	-	-	-	-	93,758	3,713	8,554	67,998,915	23.10	1,325,570	19.49	1,325,570	None
Chia Hsin Green Electricity Corp.	-	-	500,000	5,000	-	-	(7)	-	-	500,000	100.00	4,993	9.99	4,993	None
		16,303,006		\$ 59,270		\$ -	\$ 167,969	\$ (27,087)	\$ (9,940)			16,493,218		\$ 16,493,218	
Less: Reclassified to treasury stocks		(1,055,710)										(1,055,710)			
		\$ 15,247,296										\$ 15,437,508			

Note 1: The amount of \$134,656 thousand of investment gain recognized by using the equity method is deducted from the written-off amount of \$33,313 thousand of share of profit or loss of subsidiaries, associates and joint ventures using the equity method due to the cash dividends distributed to the subsidiaries.

Note 2: Including the amount of \$(188,542) thousand of cash dividends, the amount of \$135,126 thousand of unrealized gain or loss adjustment of financial instruments, the amount of \$211 thousand of subsidiaries and associates' defined benefit actuarial gains and losses, an increasing by \$786 thousand of adjustment of capital surplus due to unclaimed dividends extinguished by prescription of subsidiaries, and the amount of \$42,859 thousand of adjustment of capital surplus of associates.

Note 3: The unrealized loss with subsidiaries, associates and joint ventures is \$(380) thousand in 2023.

CHIA HSIN CEMENT CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Land Improvement	Building	Transportation Equipment	Total	Note
Cost					
Balance at January 1, 2023	\$ 17,610	\$ 1,589	\$ 2,321	\$ 21,520	
Additions	-	2,977	-	2,977	
Subtraction	-	(1,589)	(2,321)	(3,910)	
Balance at December 31, 2023	<u>17,610</u>	<u>2,977</u>	<u>-</u>	<u>20,587</u>	
Accumulated depreciation					
Balance at January 1, 2023	12,808	1,058	1,870	15,736	
Additions	3,201	723	451	4,375	
Subtraction	-	(1,235)	(2,321)	(3,556)	
Balance at December 31, 2023	<u>16,009</u>	<u>546</u>	<u>-</u>	<u>16,555</u>	
Carrying amount at December 31, 2023	<u>\$ 1,601</u>	<u>\$ 2,431</u>	<u>\$ -</u>	<u>\$ 4,032</u>	

CHIA HSIN CEMENT CORPORATION

STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Refundable deposit		
Security deposit of club membership	Others	\$ 6,182
Others	Deposits for telecommunications use and leasing	<u>1,008</u>
		7,190
Other non-current assets		
Others		<u>16</u>
		<u>\$ 7,206</u>

CHIA HSIN CEMENT CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Borrowings Type	Description	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Loan Commitments	Collateral or Guarantee
Bank loans						
Unsecured loans	Bank of Shanghai	\$ 200,000	2023.12.19-2024.03.19	1.88	\$ 200,000	None
Unsecured loans	Bank of Taiwan	200,000	2023.10.06-2024.04.03	1.78	200,000	None
Unsecured loans	Yuanta Commercial Bank	200,000	2023.12.22-2024.03.21	1.90	200,000	None
Unsecured loans	Land Bank of Taiwan	200,000	2023.11.27-2024.02.23	1.92	200,000	None
Unsecured loans	Mega International Commercial Bank	<u>200,000</u>	2023.12.08-2024.03.08	1.91	200,000	None
		<u>\$ 1,000,000</u>				

CHIA HSIN CEMENT CORPORATION

STATEMENT OF SHORT-TERM BILLS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Promissory Institution	Contract Period	Range of Interest Rates (%)	Nominal Amount	Discount Amount	Carrying Amount
Commercial paper	Mega Bills Finance Co., Ltd	2023.11.21-2024.01.19	1.898	\$ 200,000	\$ (197)	\$ 199,803
Commercial paper	China Bills Finance Corporation	2023.11.17-2024.01.16	1.928	200,000	(169)	199,831
Commercial paper	Ta Ching Bills Finance Corporation	2023.11.24-2024.01.23	1.898	200,000	(243)	199,757
Commercial paper	International Bills	2023.11.28-2024.02.22	1.928	<u>145,000</u>	<u>(285)</u>	<u>144,715</u>
				<u>\$ 745,000</u>	<u>\$ (894)</u>	<u>\$ 744,106</u>

CHIA HSIN CEMENT CORPORATION**STATEMENT OF NOTE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vendor Name	Summary	Amount
Unrelated parties		
Merho Enterprise Company Limited	Paper bags payables	\$ 1,842
Lih Tai Industrial Corporation	Paper bags payables	798
Kao Nan Pulp & Paper Mfg. Co., Ltd.	Paper bags payables	666
Others	Freight payables	<u>23</u>
		<u>\$ 3,329</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

CHIA HSIN CEMENT CORPORATION**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vendor Name	Summary	Amount
Unrelated parties		
Asia Cement Corporation	Materials payables	\$ 55,440
Others	Paper bags payables	<u>10,693</u>
		<u>\$ 66,133</u>
Related parties		
Taiwan Cement Corporation	Materials payables	\$ 110,880
Tong Yang Chia Hsin International Corporation	Storage management payables	<u>5,989</u>
		<u>\$ 116,869</u>

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

CHIA HSIN CEMENT CORPORATION**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Summary	Amount
Unrelated parties		
Payables for salaries and bonuses	Salaries and bonuses in December 2023	\$ 18,099
Payables for professional	Lawyer and accountant services fee	4,770
Payables for VAT	Land value tax and business tax	6,304
Payables for interests	Interest expense	2,833
Others		<u>4,412</u>
		<u>\$ 36,418</u>
Related parties		
Chia Hsin Property Management & Development Corporation	Service fee from endorsement of guarantee payables, etc.	<u>\$ 18,059</u>

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

CHIA HSIN CEMENT CORPORATION

STATEMENT OF CONTRACT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Advance deposits	Deposit and payment for domestic sales of cement	<u>\$ 20,053</u>

CHIA HSIN CEMENT CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Creditor	Summary	Borrowing Amount	Contract Period	Interest Rates (%)	Collateral or Guarantee
First Commercial Bank	Secured borrowings	\$ 820,000	2020.05.28-2027.05.28	1.98	Chai Hsin Building provided by subsidiary (Note)
Cathay United Bank	Secured borrowings	900,000	2023.09.08-2030.09.08	1.99	Chai Hsin Building provided by subsidiary (Note)
Bank SinoPac	Secured borrowings	350,000	2020.06.23-2025.06.23	1.80	Real estates in Zhonghe Dist. provided by subsidiary (Note)
Bank SinoPac	Unsecured borrowings	70,000	2020.06.24-2025.06.23	1.80	None
China Trust Commercial Bank	Secured borrowings	940,000	2023.12.22-2028.12.22	1.98	Chai Hsin Building provided by subsidiary (Note)
Taiwan Cooperative Bank	Secured borrowings	<u>1,200,000</u>	2022.12.28-2029.12.28	1.99	Chai Hsin Building provided by subsidiary (Note)
		4,280,000			
	Current portion	<u>(393,750)</u>			
		<u>\$ 3,886,250</u>			

Note: Refer to Note 32 for the guarantee and joint guarantee provided by the subsidiary.

CHIA HSIN CEMENT CORPORATION

STATEMENT OF CURRENT PORTION OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Creditor	Summary	Borrowing Amount	Contract Period	Interest Rates (%)	Collateral or Guarantee
Bank loans					
First Commercial Bank	Secured borrowings	\$ 120,000	2020.05.28-2027.05.28	1.98	Chai Hsin Building provided by subsidiary (Note)
Taiwan Cooperative Bank	Secured borrowings	60,000	2022.12.28-2029.12.28	1.99	Chai Hsin Building provided by subsidiary (Note)
Bank SinoPac	Secured borrowings	10,000	2020.06.23-2025.06.23	1.80	Real estates in Zhonghe Dist. provided by subsidiary (Note)
Bank SinoPac	Unsecured borrowings	20,000	2020.06.24-2025.06.23	1.80	None
China Trust Commercial Bank	Secured borrowings	<u>93,750</u>	2023.12.22-2028.12.22	1.98	Chai Hsin Building provided by subsidiary (Note)
		<u>\$ 393,750</u>			

Note: Refer to Note 32 for the guarantee and joint guarantee provided by the subsidiary.

CHIA HSIN CEMENT CORPORATION

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate	Balance, End of Year	Note
Land improvement	Mainly used for storage	2000.10.07-2024.07.07	1.38%	\$ 1,657	Located in Port of Keelung
Land improvement	Mainly used for storage	2009.12.10-2045.05.10	1.58%	1,197,853	Located in Port of Taipei
Building	Mainly used for office	2023.02.15-2028.02.14	2.05%	<u>2,543</u>	-
				1,202,053	
Less: Current portion				<u>(56,374)</u>	
Lease liabilities - non-current				<u>\$ 1,145,679</u>	

CHIA HSIN CEMENT CORPORATION**STATEMENT OF GUARANTEE DEPOSITS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item	Summary	Amount
Guarantee deposits - current	Guarantee deposits received from cement dealers	<u>\$ 629</u>
Guarantee deposits - non-current	Guarantee deposits received for operation of warehousing and storage in Port of Taipei	<u>\$ 21,563</u>

CHIA HSIN CEMENT CORPORATION**STATEMENT OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Excluding Weight and Average Unit Price)**

Item	Weight	Average Unit Price	Amount
Revenue from the sale			
Revenue from the sale of cement	435,812 (ton)	2,913.37	\$ 1,269,680
Revenue from the rent			
Real estate leasing revenue			4,766
Revenue from rendering of services			30,485
Other revenue			
Warehousing and storage services			<u>158,220</u>
			<u>\$ 1,463,151</u>

CHIA HSIN CEMENT CORPORATION

STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold	
Balance at beginning of year	\$ 156,947
Add: Finished goods purchased	1,139,288
Packaging expense	
Raw material, beginning of year	860
Add: Raw material purchased	19,075
Raw material, end of year	<u>(1,099)</u>
	<u>18,836</u>
Storage expense - depreciation	13,717
Storage expense - management	14,580
Storage expense - electricity fee	2,101
Storage expense - others	4,149
Other	221
Less: Finished goods, end of year	(85,232)
Reverse of write-downs in prior period of inventory due to sales	<u>(3,587)</u>
Total cost of goods sold of cement	<u>1,261,020</u>
Rental costs	
Real estate leasing cost - depreciation	1,236
Real estate leasing cost - others	<u>709</u>
	<u>1,945</u>
Service costs	
Rendering of services cost - salaries and bonuses	15,329
Rendering of services cost - others	<u>13,108</u>
	<u>28,437</u>
Other operating costs	
Warehousing and storage services cost - depreciation	79,682
Warehousing and storage services cost - others	<u>53,807</u>
	<u>133,489</u>
Total operating cost	<u>\$ 1,424,891</u>

CHIA HSIN CEMENT CORPORATION

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Expected Credit Impairment
Payroll and related expense (including bonuses, severance pay, employee benefit, compensation of employees and remuneration of directors.)	\$ 5,909	\$ 89,282	\$ -
Rent expense	48	9,709	-
Transportation expense	730	422	-
Entertainment expense	1,522	2,967	-
Professional fees	-	20,899	-
Association and membership fees	1,090	802	-
Depreciation	934	2,270	-
Expected credit loss	-	-	936
Others (Note)	<u>2,689</u>	<u>40,425</u>	<u>-</u>
	<u>\$ 12,922</u>	<u>\$ 166,776</u>	<u>\$ 936</u>

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

CHIA HSIN CEMENT CORPORATION

STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost (Note)						
Salary and bonus	\$ 15,329	\$ 71,781	\$ 87,110	\$ 10,897	\$ 69,561	\$ 80,458
Labor and health insurance	1,535	6,904	8,439	1,104	8,585	9,689
Pension	810	4,534	5,344	636	4,721	5,357
Director's remuneration	-	23,410	23,410	-	39,510	39,510
Others	<u>1,117</u>	<u>5,591</u>	<u>6,708</u>	<u>813</u>	<u>4,701</u>	<u>5,514</u>
	<u>\$ 18,791</u>	<u>\$ 112,220</u>	<u>\$ 131,011</u>	<u>\$ 13,450</u>	<u>\$ 127,078</u>	<u>\$ 140,528</u>
Depreciation expense	<u>\$ 94,635</u>	<u>\$ 3,204</u>	<u>\$ 97,839</u>	<u>\$ 104,262</u>	<u>\$ 4,367</u>	<u>\$ 108,629</u>
Depletion expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization expense	<u>\$ -</u>	<u>\$ 358</u>	<u>\$ 358</u>	<u>\$ -</u>	<u>\$ 243</u>	<u>\$ 243</u>

Note:

- a. The average numbers of the Company's employees were 96 and 92 in 2023 and 2022, respectively. There were both 7 non-employee directors.
- b. Average employee labor cost for the years ended December 31, 2023 and 2022 were \$1,209 thousand and \$1,188 thousand, respectively.
- c. Average salary and bonus for the years ended December 31, 2023 and 2022 were \$979 thousand and \$947 thousand, respectively.
- d. Change in average employee salary and bonus was 3.38%.
- e. The Company did not have supervisors for the years ended December 31, 2023 and 2022.
- f. The Company's compensation policies:
 - 1) Remuneration of the Company's directors is in accordance with the provisions of the Company's Articles of Incorporation and linked to the performance. Distribution of remuneration shall be reviewed by the Compensation Committee, submitted to the Board of Directors for approval, and reported at the shareholders' meeting.
 - 2) 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.
 - 3) 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.
 - 4) The Company has established employee salary management regulation. Salary is based on employees' knowledge, experience, skills, professionalism and position, and with reference to the overall market salary level. The salary standard of new recruits is based on the qualifications required for the position, such as education, relevant work experience and professional skills, and the personal factors such as gender, race, nationality, age, etc. do not affect their salary. In order to attract and retain outstanding talents, most of the salaries for each position are at the mid-to-high level in the industry, and annual salary review or adjustment is carried out according to the Company's operating results and financial status, individual performance of employees, and price index fluctuations.
 - 5) Payment of 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.