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1109



# HSING TA CEMENT CO.,LTD.

## 2023 Annual Report

HSING TA company website  
<http://www.hsingta.com.tw>

Market Observation Post System  
<http://mops.twse.com.tw>

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## One. Letter to Shareholders

Dear shareholders:

Although the COVID-19 pandemic has already winded down, the U.S.-Russia war and the Israeli-Palestinian conflict are still going on, which has caused the global costs of raw materials, energy and transportation to remain high, resulting in the domestic cement price to remain at a high point. Fortunately, in 2023, the government increased the budget for public work projects, and in addition to the construction of MRT in Taipei City, New Taipei City and Taoyuan City, the Taoyuan Aerotropolis also drove the momentum of private construction projects in the surrounding areas, so the Company's profit in 2023 was significantly better than that in 2022, which made 2023 a year of wonderful harvest.

And at the end of 2023, the government announced that it would impose a carbon fee (tax) on carbon emissions in the year, with the first phase of the levy targeting enterprises in the power and manufacturing industries that emitted more than 25,000 metric tons of carbon dioxide annually, at a rate of NT\$300 per metric ton of carbon emissions. As such, energy saving and carbon reduction has become the most important issue in the industries. The Company has not only upgraded the electrostatic dust collector in the plant to a bag-type dust collector, but also started to research and develop low-carbon limestone cement to reduce the cost related to carbon fee (tax), to manage to get lower commodity tax, strive to maintain profit margins, and protect the best interests of shareholders.

The results of the Group's operations for 2023 are described below:

Production: Cement and clinker production volume was 2.79 million metric tons, down 4.56% compared with last year.

Sales: Operating revenues for the year were NT\$6.3 billion, down 2.01% compared with last year.

Operation results: For the year, consolidated net income were NT\$808 million, up 55.98% compared with last year;

In the domestic market, although the growth of private construction projects was flattish, the government pushed hard on public work projects, which led to an increase in overall revenue of approximately 36%, while the Nanjing Xinning Plant suffered a decline of 22.17% due to the impact of the market downturn.

Dividends: The Board of Directors resolved to distribute a cash dividend of NT\$1.2 per share from retained earnings.

As for the Mainland China market, although the Beijing government announced the release of COVID-19 related restrictions in 2023, it did not solve the financial crisis of real estate companies, builders and various industries incurred during the pandemic. According to a report, China's cement production in 2023 was 2.023 billion tons, up 5%, and the total profit of all enterprises in the industry was only CNY 32 billion, down by more than 50%. After the profit from construction stone, environmental protection, investment and other businesses is deducted, the industry's profit was almost nothing. The Company's Nanjing Xinning Plant faced the challenges of extreme price competition and a shrinking market, which made its operation difficult, but its revenue was still better than that of its industrial peers.

With respect to the outlook for 2024, "net zero carbon emission" is the global development trend. Under the harsh conditions of rising costs of various raw materials and the imposition of the carbon fee (tax), the domestic cement industry will no longer focus on "winning by selling more", but rather on how to effectively minimize carbon emissions, control costs, and improve production efficiency as the main goals of operation, and the sales performance of the industry will also be driven by differentiated quality and service to avoid vicious price competition. The Group will continue to implement the ISO quality control system to improve product yields and strengthen occupational safety control, and set the goal of producing and selling 2.92 million tons of cement and clinker in 2024. The Group will adhere to the founding philosophy of "credibility and quality first", and will fulfill its corporate management and social responsibility, and will take the interests of its shareholders as its first and foremost mission.

Chairman 楊育權

## I. Operation Overview

Due to the ongoing Ukraine-Russia war and Israel-Palestine conflict, the global costs of energy, raw materials and freights remain high, resulting in a significant increase in cement costs and also propping up selling prices, which led to higher profit margin. In addition, thanks to the government's massive public work projects in the last year, the Company had a better profit in 2023 than in 2022. Despite the hardship during the period, the result was gratifying.

In the domestic real estate market, as all political parties campaigned hard for housing justice, the government's efforts to curb housing prices increased, but due to the rising costs of raw materials, housing prices were about the same as the previous year, so basically the market could be characterized by stable prices and shrinking volumes. If the U.S. Federal Reserve cuts interest rates in the future, there will be a chance for the housing market to heat up. As for social housing, there were still 27,000 house units pending construction and 33,000 house units under planning in various regions across the country. For the future, in addition to the existing private construction projects, we may also follow the movement of social housing, and work with our customers to win bids when necessary, with a view to increasing our market share and operating revenue.

In terms of public works and construction, the ongoing construction of the Taoyuan Aerotropolis, the MRT Green Line, and the railway underground project have increased the cement demand in the southern region of New Taipei City and Taoyuan City, we are cautiously optimistic about the concrete market in the Taoyuan area for the next three years. However, due to the relatively stronger demands, our sales staff requested to make adjustments to the credit limits and payment terms of customers accordingly, so we examined the financial positions and credit ratings of the customers more carefully to avoid the risk of bad debts that may cause the Company to incur losses.

As the global trend in "net-zero carbon emission", the Ministry of the Environment promulgated the "Guidelines for Establishing Carbon Fee Rate Review Councils" on December 1, 2023, and now proposes a draft for the regulations for charging of carbon fees, stipulating that the power industry operators and large-scale manufacturers with annual emissions of 25,000 metric tons of carbon dioxide equivalent will be the targets of the fee, and that a carbon fee (tax) based on the amount of carbon dioxide emissions will be levied since the year of 2025, with a fee of NT\$300 per metric ton of carbon dioxide emission. The carbon fee will definitely be reflected in the selling price after the levy is imposed, and the price of cement will increase in the future. However, before the announcement of the regulations on the carbon fees, the Company will not accept long-term orders for the time being, to allow timely price adjustments and avoid gross profit compression by the carbon fee (tax).

In the domestic cement market, the overall cement consumption in 2023 reached 12.98 million metric tons. The Company's sales volume of cement and clinker in 2023 was around 742,000 metric tons, up by 16.37% over the previous year, and sales amounted to NT\$2,066,163 thousand, up by 30.02% over the previous year. As for the cement market in Mainland China, sales of cement amounted to 2,046,452 tons, comprising 1,415,449 tons of PO42.5 bulk cement, down year-on-year by 98,514 tons, and 631,003 tons of PII52.5 bulk cement, down year-on-year by 144,787 tons, with the average unit price inclusive of tax of PO42.5 bulk cement amounting to \$235.37, down year-on-year by \$65.85 per ton, and that of PII52.5 bulk cement amounting to \$263.31 per ton, down year-on-year by \$69.81 per ton.

The outlook for the cement industry in Mainland China for 2023 continues to be bearish due to the impact of ongoing real estate adjustments and other factors in the region. In the first quarter, work resumption in the downstream industry was in good progress, and the overall demand was better than that of the same period last year; in the second and third quarters, "the demand was weak in the peak season while was even weaker in the off season", with overall demand softening significantly, and coupled with the fierce competition in the market, the cement price continued to decline; in the fourth quarter, the demand recovered marginally, while the cement price increased slightly. Overall, cement production hit a 13-year low in 2023, and although the central point of coal price shifted downward, the cement price fell at an even deeper rate, and industry profit contracted significantly.

- I. The lethargic impetus of infrastructure construction and the deep decline in real estate investment led to a decline in the cement demand. From January to November 2023, the growth rate of national investment in fixed assets was 2.9%, indicating the overall growth rate was sluggish during the year. Infrastructure investment grew by 5.8%, with the road transportation industry, which is relatively closely related to cement demand, declining by 0.2%, and the public facilities management industry declining by 2.5%, both of which showed a weakening trend. Although the overall growth of infrastructure maintained its upward trend, its impetus to the cement demand was relatively limited.
- II. For real estate development, the finish value of investment in real estate development for the period of January to November fell 9.4% year-on-year, of which the finish value of construction and erection works fell 21.5% year-on-year, with investment in construction and erection works declining year-on-year, which negatively implicated the cement consumption. On the construction side, the area of new construction continued to decline deeply, down by 21.2% year-on-year for the period of January to November compared to the same period last year, and the area of construction under the influence of the deep decline in new construction was also unfavorably affected, down by 7.2% year-on-year for the period of January to November compared to the same period last year.
- III. The internal structure of infrastructure investment diverged in for the period of January to November, coupled with the decline in real estate investment, so that the overall demand for cement was not as strong as that of the same period last year, and production fell as a result. It was estimated that the annual cement production in 2023 would be 2.05 billion tons, down year-on-year by 3.3%, with cement production hitting a record low since 2011.

Consolidated operating revenue for 2023 was NT\$6,259,864 thousand, down by 2.01% from NT\$6,388,338 thousand of 2022; consolidated net income for 2023 was NT\$807,587 thousand, up by 55.98% from NT\$517,738 thousand of 2022.

## II. Comparison of the performance in 2023 and 2022

Unit: metric tons

Cement and clinker	Production quantity			Sales quantity		
	2023	2022	Increase (decrease) %	2023	2022	Increase (decrease) %
Domestic	731,041	622,805	17.38	741,792	637,448.64	16.37
Mainland	2,056,280	2,297,624	(10.50)	2,051,142	2,297,623.80	(10.93)
Total	2,787,321	2,920,429	(4.56)	2,792,934	2,935,072.44	(5.00)

Unit: Thousand NT\$

Operating revenues	2023	2022	Increase (decrease) amount	Increase (decrease) %
Domestic	3,010,513	2,213,586	796,926	36.00
Mainland	3,249,351	4,174,752	(925,401)	(22.17)
Consolidated operating revenues	6,259,864	6,388,338	(128,174)	(2.01)
Consolidated net income for the period	807,587	517,738	289,849	55.98

## III. Research and development

The Company has a diversified product lineup. In addition to Type I, Type II and IS blast-furnace cement, we have been developing Portland limestone cement since the end of 2023 to enhance our competitiveness in the market in line with the government's net-zero carbon emission policy. In addition to the preliminary achievements based on the in-house trials, we have obtained the certification for hydraulic blended cements - Portland limestone cement IL(15) from the Bureau of Standards. Not only is its early strength superior, but its middle and late strengths are also comparable to those of Type I. There shall be an opportunity in the

future to increase the shipment volume of Portland limestone cement, replacing Type I cement to achieve carbon reduction.

#### **IV. Business promotion and development direction and strategy**

- (I) Actively participate in public work projects, such as Wen Zi Zun Rezoned Area in Xinzhuang and Taishan, New Taipei City, Danbei Road project, Terminal Three and runway project of Taoyuan International Airport, Taoyuan Aerotropolis, and Taoyuan railway underground project, etc.
- (II) Continue to promote the use of the Company's IS cement for geological improvement and foundation works.
- (III) Apply for Type I carbon footprint label for 40kg bags of cement to satisfy customers' needs for carbon emission statistics.
- (IV) Supply FIBC bags for some urban construction projects with small base areas and for projects on outlying islands according to local conditions.
- (V) Pay attention to our customers and adjust their credit limits and payment terms in a timely manner to avoid the risk of bad debts,
- (VI) Encourage customers to pick up shipments ex-works for greater flexibility in the delivery of goods as the transportation distance from our plants to construction site is long and it is not easy to dispatch.
- (VII) Promote Portland limestone cement as an alternative to Type I cement to reduce carbon emissions.

#### **V. Policy in response to the influence of external competition, legal environment, and overall business environment.**

- (I) In August 2023, a fatal accident occurred when a visiting car driver fell in our plants. In order to avoid the recurrence of such a regrettable incident, we have strictly stipulated that drivers must conduct stevedoring in the designated areas and in accordance with the SOPs, so as to ensure the safety and efficiency of the working environment.
- (II) BY upholding the Company's philosophy of sustainable development, we have developed Portland limestone cement to fulfill our responsibility towards environmental protection.
- (III) In line with the environmental protection and energy conservation policies of the government, we are actively implementing various equipment investment and improvement programs, and we expect that the second phase of the ETB project will be carried out in mid-2024.
- (IV) Control the inventory of each warehouse, and prepare the inventory before the equipment maintenance to meet the demand of customers during the kiln shutdown.
- (V) In case of incidental new events, a written record shall be established after the closure of the project to facilitate the handling of similar situations in the future.
- (VI) Deepen the relationship with customers, keep track of the market intelligence and other related information in the cement industry, and share it with the Company and the plants for the timely adjustments to the operation direction.
- (VII) Coordinate with customers and the plants to supply FIBC bags as quickly as possible to meet customer needs.

## **VI. 2024 business plan and outlook**

With respect to the outlook for 2024, Taiwan is facing the harsh environment of rising raw material and electricity prices and carbon fee (tax), while Mainland China is facing the difficult challenges of housing market collapse and the departure of foreign capital. With the inflation in Europe and the U.S. gradually coming under control, academics from various sources expect the U.S. Federal Reserve to cut interest rates after May, so the market trend will not have a clearer picture until after the end of the second quarter. Until there is clarity, all of our units will closely monitor the movements of the market and other industry peer companies to maintain flexibility and be ready to respond. Seek breakthroughs amid stability, and seek stability after breakthroughs.

### **Domestic cement market:**

Due to the increasing global demand for chips and AI, the industries of related supply chain have the opportunity to expand their plants Except for Taoyuan, where the Aerotropolis is driving more private construction projects, the number of private construction projects in other areas remains low and is expected to remain at the same level as last year. As the government has raised the total budget for public construction, it is expected that there will be more business opportunities in public construction this year.

However, as imported cement and clinker continue to erode the domestic market, the Taiwan Cement Manufacturers Association not only filed an anti-dumping complaint, but also proposed to the Ministry of the Environment to levy a border carbon fee on imported cement and clinker, in order to reduce the cost difference between domestic and imported cement and clinker, and to minimize unfair competition and carbon leakage by way of tax and regulation.

In summary, the demand for cement in 2024 is estimated to be approximately 12 million metric tons. Although the domestic cement market has been seized by importers for approximately 27% of the market share, the Company's sales of cement and clinker in Taiwan will still be able to reach the targets of 625,000 metric tons of cement and 25,000 metric tons of clinker, according to the internal assessment, Instead of engaging in vicious price competition with importers, the Company has taken other approaches such as improving quality, refining after-sales service and diversifying products to build brand reputation, as well as enhancing ESG (Environmental Protection, Social Responsibility and Corporate Governance) as an important indicator of corporate sustainability, to maintain our own competitive advantage and to stand firm in the ever-changing market environment.

### **China's cement market:**

With respect to the market outlook for 2024, as mentioned in the Central Economic Working Conference in December 2023, the Chinese government is actively and steadily resolving the real estate risks, meeting the reasonable financing needs of real estate enterprises of different systems of ownership on an equal footing, and promoting the stable and healthy development of the real estate market. The government is also accelerating the "three major projects", including the construction of indemnificatory housing, the construction of public infrastructure both "under normal conditions and in emergencies ", and urban village renovation. In 2024, the focus of the real estate sector will remain on "ensuring the delivery of housing projects" and "controlling risks", while the "three major projects" will continue to be promoted, which will mitigate the decline in real estate investment.

Land acquisition area and new construction starts are two important indicators on the investment side. As of November 2023, both had declined by 25.2% and 21.2% year-on-year, respectively, and have yet stabilized, and both had a negative impact on investment in front-end construction and erection works in real estate in 2023. Nevertheless, under the influence of the "three major projects", the decline in real estate investment may slow down, and the negative implication of real estate on cement demand will be reduced. In terms of infrastructure, the impetus of infrastructure to the cement demand is still getting stronger. First of all, infrastructure investment is still an important driver to stabilize the macroeconomics; in October 2023, the central government issued an additional trillion national bonds. Under the requirement of maintaining

stable growth, it is expected that the amount of special bonds will be increased in 2024, which will be favorable to infrastructure investment, but considering that local governments are facing greater pressure to reduce debt, and squeeze some of the financial funds, it is expected that the growth rate of infrastructure in 2024 will be accelerated slightly compared with that of 2023; secondly, some of the new projects in 2024 will enter the civil engineering period, which shall boost the demand for cement.

To summarize, the negative implication of real estate is waning, and impetus of infrastructure is still palpable. It is expected that the demand for cement will decline slightly in 2024, and the rate of decline will continue to slow down. We expect the cement production to be around 2.01 billion tons in 2024, down around 2% year-on-year.

According to the CHINA CEMENT BIG DATA RESEARCH INSTITUTE, 27 production lines with a capacity of over 40 million tons of clinker are planned to come into operation in 2024. Given that the pressure on the industry will remain high in 2024, it is expected that the progress of the release of capacity into operation will still be less than expected. Nevertheless, the imbalance between supply and demand during the period of downturn in demand highlights the fact that the problem of overcapacity is still relatively serious.

At present, the cement price has reached a relatively low level, with many enterprises operating at a loss and a strong willingness to increase the price. Against the backdrop of basically stable demand, it is unlikely that the cement price will weaken significantly. We judge that the cement price will rebound to a certain extent in 2024, but on account of serious overcapacity, there is limited space for upward movement; coupled with the relatively high average price of cement in 2023, it is expected that the central point of the average cement price for the whole year of 2024 will still shift downward, and from the perspective of quarterly trends, the year-on-year decline will gradually slow down, and the price is possible to turn positive in the second half of the year.

Against the backdrop of tighter safety inspection, the difficulty in coal supply may gradually increase. Coupled with the economic recovery and increased consumption, there is an upside risk to the coal price, and the pressure on the production costs of cement enterprises may increase. Overall, the average price of cement is moving downward and costs are increasing, so it is hard to be optimistic about the efficiency of the industry, and it is expected that the efficiency of the cement industry will still be at a relatively low position in 2024.

In terms of other incomes, we would have the existing incomes from rental and resource recycle and reuse while at the same time, taking care of social needs, environmental protection, and economic development to achieve the objectives of industrial symbiosis and sustainable social development. In terms of other incomes in 2023, the Company's income from recycle processing service was NT\$78,224 thousand and lease income was NT\$49,526 thousand, up by NT\$18,708 thousand compared to the previous year.

Since the Company was established more than 60 years ago, we have adhered to the spirit of "credibility and quality first". Facing all the situations and challenges, we will continue to maintain a prudent attitude and work hard with all employees, to create more brilliant business performance, while striving to become a stable and eco-friendly enterprise which follows business ethics and duly fulfills social responsibility.

## Two. Company Profile

**I. Date of incorporation:** The Company was incorporated on March 15, 1964.

### II. Company History

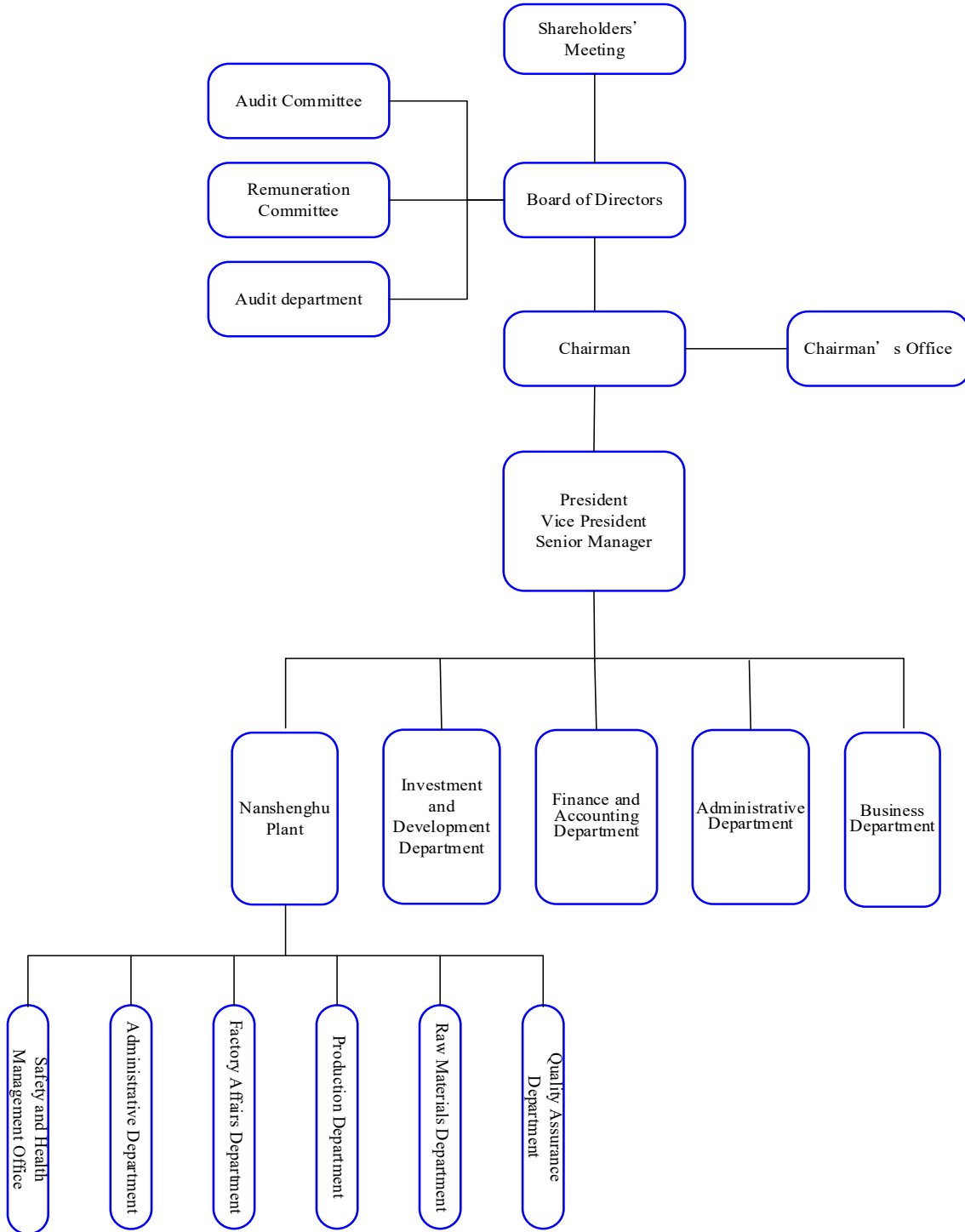
1. In 1964: The founder, Mr. Tang-Hai Yang, undertook the Mount Taibai mining area to establish the Company, named "HSING TA Quarry and Cement Co., Ltd." with the main business of producing and selling limestone.
2. In 1970: Established Su'ao Nanshenghu Cement Manufacturing Factory and built the No. 1 cement kiln with an annual production capacity of 100,000 metric tons. The Company's business included cement and limestone production and sales.
3. In 1980: Added the No. 2 cement kiln with an annual production capacity of 600,000 metric tons. Cement production and sales became the Company's main business. The Company was renamed "HSING TA CEMENT CO.,LTD".
4. In 1983: Approved by the Securities Commission, Ministry of Finance as a public company.
5. In 1984: Replaced the No. 1 cement kiln and expanded to No. 3 cement kiln with an annual production capacity of 800,000 metric tons.
6. In 1985: The expansion of the No. 3 cement kiln was completed, and the annual production capacity increased to 1.4 million metric tons.
7. In 1990, subsidiary HSIN I READY MIXED CONCRETE CO., LTD. was incorporated and the HSIN I Banqiao factory started operations.
8. In 1991: Approved by the Securities Commission, Ministry of Finance as a class 1 listed stock.
9. In 1992: Completed the No. 2 cement kiln improvement project, improved dust collection efficiency, reduced heat consumption, lowered cement production costs, and increased production capacity to 1.56 million metric tons.
10. In 1994, the Nankan factory of subsidiary HSIN I READY MIXED CONCRETE CO., LTD. jointed operations.
11. In 1995: Completed the improvement project in the Nanshenghu Plant of the pre-grinding system of the No. 3 cement mill to reduce power consumption and reduce cement production costs.
12. In 1996: Completed the improvement project in the Nanshenghu Plant of the pre-grinding system of the No. 2 cement mill, which greatly contributed to the overall energy saving.
13. In 1998: Completed the renewal project in the Nanshenghu factor of No. 3 cement mill shell to increase cement production capacity and reduce breakdowns and downtime.
14. In 2000: Mr. Zhong-Xiong Yang was elected as the Chairman, and the former Chairman Mr. Tang-Hai Yang was honorably appointed as the president of HSING TA Group.
15. In 2001 Nanshenghu Plant officially started the mass production of Portland Type II low-alkali cement to expand cement business base.
16. In 2003: Nanshenghu factor completed the raw meal pre-grinding system to improve the fineness of raw materials and reduce production costs.
17. In 2004: Songshan HSING TA Commercial Building, which was invested and constructed, was completed and released to operations.
18. In 2004: Established the overseas subsidiary Hsing Ta International Corp.
19. In 2006: Invested in Soaring Power Corp. through subsidiary Hsing Ta International Corp. and therefore, indirectly invested in Jiangsu Xinning New Building Materials Co., Ltd.

20. In 2009: Mr. De-Xiong Yang was elected as the Chairman, the former Chairman Mr. Zhong-Xiong Yang was honorably appointed as the president of HSING TA Group, and Mr. Tang-Hai Yang, the former president of HSING TA Group was honorably appointed as the chief consultant.
21. In 2009: Subsidiary Hsing Ta International Corp. was liquidated, and the investment structure in Mainland China was changed to direct investment in Soaring Power Corp., which in turn invested in Jiangsu Xinning New Building Materials Co., Ltd.
22. In 2011: Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. completed the plant construction and ignition for operations.
23. In 2013: The waste heat power generation equipment in Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. went online.
24. In 2015: Added a neutron online analyzer in Nanshenghu Plant, completed the process water recycling improvement project, and mining sites completely afforested with the “thick layer mesh spraying method” for permanent residual walls.
25. In 2016: Mr. Zhi-Xiong Yang was elected as the Chairman of the board.
26. In 2017: Added SNCR equipment to #3K preheater to reduce nitrogen oxide emissions.
27. In 2018: Completed the denitrification technology improvement project of No. 3 cement kiln preheater, significantly reducing the NOx emission.
28. In May 2019: Mainland subsidiary Jiangsu Xinning New Building Materials Co., Ltd. and Shanghai Sanrong Environmental Protection Engineering Co., Ltd. jointly invested in Nanjing Xinrong Environmental Protection New Material Co., Ltd. to produce denitrifying agent for green environmental protection.
29. In 2020: Jiangsu Xinning New Building Materials Co., Ltd., a subsidiary in mainland China, was awarded Grade A in the performance evaluation of key industries as announced by the Department of Ecological Environment of Jiangsu Province as the first cement company awarded Grade A in Jiangsu Province.
30. In 2021, subsidiary HSIN I READY MIXED CONCRETE CO., LTD. and the HSIN I Banqiao factory officially ended the operations.
31. In 2023: The NanKan Plant of Subsidiary HSIN I READY MIXED CONCRETE CO., LTD. completed the installation of the second set of mixer.  
The electrostatic dust collector of the #3 coal mill system of Nanshenghu Plant was technically upgraded to a bag-type dust collector.

# Three. Corporate Governance Report

## I. Organizational System

### (I) Organizational structure



(II) Businesses of major departments

1. Audit department: Responsible for matters related to the audit of internal control systems and the planning and review of rules and regulations.
2. Chairman's Office: Assist Chairman in matters related to the planning and promotion of the Company's development strategy, and the execution of the business plans and projects assigned by the Chairman.
3. Business department: Responsible for matters related to product sales, logistics, marketing, assessment of the credit period of clients' notes, and supervision and assessment of local sales teams.
4. Administration department: Responsible for matters related to human resources, documentation, general affairs, procurement, fixed asset management, planning, execution and management of construction and maintenance, and computer operation management.
5. Finance and accounting department: Responsible for matters related to finance, accounting, reinvestment, stock affairs, and corporate governance.
6. Investment and development department: Responsible for matters related to market research, evaluation, execution and management of the investment and development of new businesses and resource recycle and reuse business.
7. Nanshenghu Plant: Responsible for matters related to limestone mining and transportation, cement and clinker manufacturing, warehousing and delivery.

## II. Information on directors, general managers, deputy general managers, senior managers, and officers of various departments

### (I) Directors

#### 1. Information on directors I

April 21, 2024

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term of office	Date first elected	Shareholding when elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major educations and experiences	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are managerial officers or directors of the Company			Note	
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation		
Chairman	Republic of China	Zhi-Xiong Yang	Male 61-70 years old	2021.07.09	2021.07.09 2024.07.08	1991.05.24 (Note 1)	34,426,166	10.07%	34,905,166	10.23%	14,527	0.00%	0	0.00%	Department of Industrial Management, Tamsui Institute of Business Administration	Chairman, HSING TA CEMENT CO., LTD. Chairman, HSIN I READY MIXED CONCRETE CO., LTD.	Director Director	Zhong-Xiong Yang Ren-Xiong Yang Hua-Ling Lin	Brothers Brothers Sister and brother	None	
Director	Republic of China	Zhong-Xiong Yang	Male 71-80 years old	2021.07.09	2021.07.09 2024.07.08	1991.05.24 (Note 1)	41,528,048	12.14%	41,528,048	12.17%	2,779	0.00%	0	0.00%	Department of Banking, National Chengchi University Chairman of Hsing Ta Cement Co., Ltd. President of Hsing Ta Cement Co., Ltd.	Chairman, Tang-Hai Yang Foundation	Chairman Director	Zhi-Xiong Yang Ren-Xiong Yang Hua-Ling Lin	Brothers Brothers Sister and brother	None	
Director	Republic of China	Ren-Xiong Yang	Male 61-70 years old	2021.07.09	2021.07.09 2024.07.08	1991.05.24 (Note 1)	36,108,783	10.56%	36,108,783	10.58%	1,153	0.00%	0	0.00%	Department of Hydraulic Engineering, Tamkang University	Chairman, Soaring Power Corp.; Chairman, Jiangsu Xinning New Building Materials Co., Ltd.; Chairman, Nanjing Xinrong Environmental Protection New Material Co., Ltd.; Chairman, Jiangsu Xinning New Building Materials Co., Ltd.	Director Chairman Director	Zhong-Xiong Yang Zhi-Xiong Yang Hua-Ling Lin	Brothers Brothers Sister and brother	None	
Director	Republic of China	Da-Qin Yang	Male 41-50 years old	2021.07.09	2021.07.09 2024.07.08	2009.06.19	8,145,934	2.38%	8,145,934	2.39%	0	0.00%	0	0.00%	Department of Information Management, National Yunlin University of Science and Technology. Chairman, HSING TA INDUSTRIAL (SHENZHEN) CO., LTD.	Chairman, HSING TA INDUSTRIAL (SHENZHEN) CO., LTD.	None	None	None	None	None
Director	Republic of China	Hua-Ling Lin	Female 81-90 years old	2021.07.09	2021.07.09 2024.07.08	2021.07.09	3,188,620	0.93%	3,214,620	0.94%	433	0.00%	0	0.00%	National Keelung Senior High School	Chairman, Shun Xiang Co., Ltd.	Director	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang	Sister and brother Sister and brother Sister and brother	None	
Director	Republic of China	Debo Investment Co., Ltd.		2021.07.09	2021.07.09 2024.07.08	2016.06.22	50,000	0.01%	50,000	0.01%	0	0.00%	0	0.00%	None	None	None	None	None	None	None
	Republic of China	Bo-Wei Yang	Male 41-50	2021.07.09	2021.07.09 2024.07.08	-	0	0.00%	3,033,133	0.89%	0	0.00%	0	0.00%	Department of Industrial Engineering, Dayeh	Vice Chairman, Qin Da	None	None	None	None	None

			years old												University; Vice Chairman, CHYN DA Construction Co., Ltd.	Construction Co., Ltd.				
Independent director	Republic of China	Zheng-Ting Chen	Male 60-70 years old	2021.07.09	2021.07.09 2024.07.08	2015.06.18	0	0.00%	0	0%	0	0.00%	0	0.00%	Department of Accounting, Chinese Culture University; Head of Jiahe United Accounting Firm; Director at Taipei CPA Association	Independent director at Huang Long Development Co., Ltd.	None	None	None	
Independent director	Republic of China	Rui-Tai Wu	Male 51-60 years old	2021.07.09	2021.07.09 2024.07.08	2021.07.09	0	0.00%	0	0%	0	0.00%	0	0.00%	Department of Finance, National Chengchi University; Deputy Manager, Underwriting Department, Fubon Securities Co., Ltd. Supervisor at Synemold Enterprise Corp. Chairman of J-Mas Enterprise Co., Ltd.; supervisor at Leohab Enterprise Co., Ltd.	Director at Borden Technology Corporation; director at Sayyo Games Co., Ltd.	None	None	None	
Independent director	Republic of China	Zheng-Tong Shi	Male 61-70 years old	2021.07.09	2021.07.09 2024.07.08	2018.06.21	0	0.00%	0	0%	0	0.00%	0	0.00%	Master of Science in Finance, University of Illinois at Urbana-Champaign; Vice President, Stock Investment Department, China Life Insurance Co., Ltd.; Chief Investment Officer of INVESCO; Investment Director of CPIC Fund Management Co., Ltd.	Independent director at Antec Inc.; independent director at T. Max Department Co., Ltd.	None	None	None	

Note 1: Date elected before listing.

Total number of issued shares as of July 9, 2021. 341,957,868 shares

Total number of issued shares as of April 21, 2024 341,158,868 shares

### Major shareholders of juristic-person shareholder

April 21, 2024

Name of juristic-person shareholder	Major shareholders of juristic-person shareholder
Debo Investment Co., Ltd.	Shenzhen Co., LTD.100%

**Major shareholders of juristic-person shareholder**

Shenzhen Co., LTD	HSING TA CEMENT CO.,LTD.	19.90%
	Debo Investment Co., Ltd.	15.36%
	Snow-Hua Lin	61.07%
	Zhi-Xiong Yang	2.47%
	Zhong-Xiong Yang	0.43%
	Ren-Xiong Yang	0.56%
	Da-Qin Yang	0.21%

**2. Director Information II Disclosure of information on directors' professional qualifications and independent directors' independence**

April 21, 2024

Criteria Name	Professional qualifications and experience	Independence status	Number of other public companies in which the individual is concurrently serving as an independent director
Zhi-Xiong Yang	Has more than five years of work experience and expertise in the cement industry and business management; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or a affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Zhong-Xiong Yang	Has more than five years of work experience and expertise in the cement industry, finance, and business management; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or a affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Ren-Xiong Yang	Has more than five years of work experience and expertise in the cement industry, trade, and business management; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or a affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Da-Qin Yang	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	Has no spouse nor a relative within second degree of kinship who also serves as a director or employee at the Company or a affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Hua-Ling Lin	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	Has a relative within second degree of kinship who also serves as a director at the Company or a affiliate; he and his spouse and relatives within second degree of kinship hold shares of the Company. See Director Information I.	0
Bo-Wei Yang	Has more than five years of work experience and expertise required in the cement industry; is not under any circumstances under Article 30 of the Company Act.	Has no spouse nor a relative within second degree of kinship who also serves as a director or employee at the Company or a affiliate; he holds shares of the Company. See Director Information I.	0
Zheng-Ting Chen	Has more than five years of work experience and expertise in accounting, finance, and management; holds a CPA license; is not under any circumstances under Article 30 of the Company Act.	Spouse and relatives within the second degree of kinship thereof are serving as directors or employees at the Company or its affiliates; the independent director does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares; did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the most recent two years.	2
Rui-Tai Wu	Has more than five years of work experience and expertise in finance and management; is not under any circumstances under Article 30 of the Company Act.	Spouse and relatives within the second degree of kinship thereof are serving as directors or employees at the Company or its affiliates; the independent director does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares; did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the most recent two years.	0
Zheng-Tong Shi	Has more than five years of work experience and expertise in finance and management; is not under any circumstances under Article 30 of the Company Act.	Spouse and relatives within the second degree of kinship thereof are serving as directors or employees at the Company or its affiliates; the independent director does not and spouse and relatives within the second degree of kinship thereof do not hold the Company's shares; did not receive remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the most recent two years.	2

### 3.Board diversity

(I) Board diversity policy:

To strengthen corporate governance and facilitate the robust composition and structure of the Board of Directors, Section 1 The Structure of the Board of Directors, Article 20 of the “Company’s Corporate Governance Best Practice Principles” stipulates that “the Company’s Board of Directors shall guide the Company's strategy, supervise the management team, and be responsible to the Company and shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board performs its duties in accordance with laws and regulations, the Company's Articles of Incorporation, or the resolutions adopted by the shareholders' meeting. There should be more than five directors on the Board considering the scale of the Company's operations and development, our major shareholders’ shareholdings, and the needs of practical operations. The composition of the Board should be based on the principle of diversity. The number of directors who are also managers at the Company should not exceed one-third of the total number of directors, and the following two criteria should be included but not limited to: 1. basic qualifications and values: gender, age, nationality, and culture. II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The Board members should generally possess the knowledge, skills, and competencies needed to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole should have the capabilities and skills below: 1. Business judgment; II. Accounting and financial analysis; III. Business management; IV. Crisis management; V. Industry knowledge; VI. An international perspective; VII. Leadership; VIII. Decision-making. The candidates for the Company's directors are nominated after their intergenerational feature, integrity, experience, education, or other experiences are considered. The Board should be formed by professionals with business management abilities and an international perspective from the fields of cement, accounting, information, or management.

(II) Board diversity and independence:

1. Implementation of the Board diversity policy:

The directors of the 20th board were elected at the shareholders' meeting on July 9, 2021, and their term of office began from July 9, 2021 through July 8, 2024. Among them, Directors Zhi-Xiong Yang, Zhong-Xiong Yang, Ren-Xiong Yang, Da-Qin Yang, and Bo-Wei Yang; and independent directors Zheng-Tong Shi and Zheng-Ting Chen were all re-elected, while director Hua-Ling Lin and independent director Rui-Tai Wu were newly elected.

Directors Zhi-Xiong Yang, Zhong-Xiong Yang, Ren-Xiong Yang, Hua-Ling Lin, Da-Qin Yang, and Bo-Wei Yang all have expertise in the cement industry, operational judgment, and operation management, crisis management, leadership, decision-making skills, and an international perspective; independent directors Zheng-Ting Chen, Rui-Tai Wu, and Zheng-Tong Shi all have a professional accounting background, financial affairs, professional administrative skills, and other industry experience.

The proportion of independent directors is 33%, and that of female directors is 11%. One independent director has been in office for less than 3 years, two for 4–6 years. Two directors are over 70 years old, four are between 60 and 70 years old, and three are under 60 years old.

2. Board independence: There are nine directors on the 20th Board, including three independent directors Zheng-Ting Chen, Zheng-Tong Shi, and Rui-Tai Wu, accounting for one third of all directors; four directors: Zhi-Xiong Yang, Zhong-Xiong Yang, Ren-Xiong Yang, and Hua-Ling Lin are relatives within second degree of kinship to each other. None of the other directors is under any circumstances specified in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act.

## (II) Information on general managers, deputy general managers, senior managers, and officers of various departments

April 21, 2024

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Major educations and experiences	Concurrent positions at other companies currently	Spouse or relatives within second degree of kinship who are managerial officers of the Company		
					Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %			Title	Name	Relation
General manager	Republic of China	Da-Kuan Yang	Male	2019.07.01	8,915,431	2.61%	87,996	0.03%	0	0%	Bachelor of Accounting, National Taiwan University Master of Business Administration, University of Southern California	Consultant, Jiangsu Xinning New Building Materials Co., Ltd.	None	None	None
Deputy general manager	Republic of China	Bao-Lin Zhang	Male	2021.11.11	2,779	0.00%	0	0.00%	0	0%	Department of Urban Planning, National Cheng Kung University Assistant Vice President at Xinlai Construction (Stock) Co., Ltd. and Kuo Yang Construction Co., Ltd.	None	None	None	None
Senior manager	Republic of China	Qing-Shou Zhang	Male	2015.01.01	5,042	0.00%	5,415	0.00%	0	0%	Department of Oceanography, National Taiwan Ocean University	None	None	None	None
Finance and accounting department Manager	Republic of China	Su-Chiu Tsai	Female	2022.02.14	0	0.00%	0	0.00%	0	0%	Department of Accounting, Chinese Culture University Deputy Manager, Financial Accounting, Shihlin Paper Co., Ltd.; Chief of Accounting Section of Mao Bao Inc.; Deputy Manager at PwC Taiwan	None	None	None	None
Audit department Manager	Republic of China	Yi-Sheng Zhang	Male	2014.07.01	0	0.00%	0	0.00%	0	0%	Department of Business Administration, Fu Jen Catholic University	None	None	None	None
Administration department Manager	Republic of China	Huan-Kai Pai	Male	2023.06.01			0	0.00%	0	0%	Department of Architecture and Urban Design, Chinese Culture University	None	None	None	None
Business Department Manager	Republic of China	Ko-Chien Yeh	Male	2023.06.01			0	0.00%	0	0%	Department of Cooperative Economics, National Chung Hsing University	None	None	None	None
Nanshenghu Plant manager	Republic of China	Lian-Huo Lin	Male	2020.01.01	0	0.00%	0	0.00%	0	0%	Department of Electrical Engineering, Chien Hsin Technical College	None	None	None	None

### III. Remuneration for directors (including independent directors), general managers and deputy general managers for the most recent year

Remuneration for directors and independent directors

2023

Unit: Thousand NT\$

Title	Name	Remuneration for directors								Sum of A, B, C and D and as a % of the net profits after tax		Remuneration for employees with concurrent positions in the Company and other companies								Sum of A, B, C, D, E, F and G and as a % of the net profits after tax		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		Base remuneration (A)		Severance and pension (B)		Remuneration for directors (C)		Business execution expenses (D)		The Company	All companies in the financial statements	Remuneration, bonus, allowance (E)		Severance and pension (F)		Remuneration for employees (G)				The Company	All companies in the financial statements	
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements			The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Zhi-Xiong Yang	3,187	7,404	0	0	35,660	38,729	379	379	30,226	46,512	0	0	0	0	0	0	0	39,226	46,512	10,552	
Director	Zhong-Xiong Yang																					
Director	Representative, Debo Investment Co., Ltd.: Bo-Wei Yang																					
Director	Ren-Xiong Yang																					
Director	Da-Qin Yang																					
Director	Hua-Ling Lin																					
Independent director	Zheng-Ting Chen	1,620	1,620	0	0	0	0	120	120	1,740	1,740	0	0	0	0	0	0	0	1,740	1,740	None	
Independent director	Rui-Tai Wu																					
Independent director	Zheng-Tong Shi																					
Except as disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant at the parent company, all companies in the financial statements, or investees) in the most recent year: NT\$264,000.																						

\* HSGING TA CEMENT's policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors:

1. Independent directors do not participate in the distribution of directors' remuneration.
2. The Board of Directors determines their monthly fixed remuneration based on the responsibility of the position held, the complexity of the business, the value of contribution, and the usual standards of the industry.
3. Professional service expenses are paid as per the actual needs of the business execution, and honoraria are paid for every board meeting attended.

Table of remuneration ranges

Remuneration ranges for the directors of the Company	Director's name			
	Sum of A+B+C+D		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	Parent company and all re-investee
Less than NT\$1,000,000	Zheng-Ting Chen Rui-Tai Wu Zheng-Tong Shi	Zheng-Ting Chen Rui-Tai Wu Zheng-Tong Shi	Zheng-Ting Chen Rui-Tai Wu Zheng-Tong Shi	Zheng-Ting Chen Rui-Tai Wu Zheng-Tong Shi
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Zhi-Xiong Yang Zhong-Xiong Yang Ren-Xiong Yang Da-Qin Yang Hua-Ling Lin Representative, Debo Investment Co., Ltd.: Bo-Wei Yang	Zhong-Xiong Yang Da-Qin Yang Hua-Ling Lin Representative, Debo Investment Co., Ltd.: Bo-Wei Yang	Zhi-Xiong Yang Zhong-Xiong Yang Ren-Xiong Yang Da-Qin Yang Hua-Ling Lin Representative, Debo Investment Co., Ltd.: Bo-Wei Yang	Zhong-Xiong Yang Da-Qin Yang Hua-Ling Lin
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	Zhi-Xiong Yang Ren-Xiong Yang	-	Zhi-Xiong Yang Ren-Xiong Yang Representative, Debo Investment Co., Ltd.: Bo-Wei Yang
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-	-	-
100,000,000 or more	-	-	-	-
Total	9	9	9	9

(I) Remuneration for general managers and deputy general managers

2023

Unit: Thousand

Title	Name	Base salary (A)		Severance and pension (B)		Bonus and allowance (C)		Remuneration for employees (D)				Sum of A, B, C and D and as a % of the net profits after tax (%)		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General manager	Da-Kuan Yang	2,700	3,964	163	163	1,774	1,879	104	0	104	0	4,741 accounting for 0.69%	6,110 accounting for 0.89%	None
Deputy general manager	Bao-Lin Zhang													

Range of remuneration

Remuneration range for each general manager and deputy manager of the Company	Name general manager or deputy general manager	
	The Company	All companies in the financial statements
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000( inclusive) ~ NT\$3,500,000 (exclusive)	Da-Kuan Yang Bao-Lin Zhang	Bao-Lin Zhang
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)		Da-Kuan Yang
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
100,000,000 or more		
Total	2	2

- (II) The name of the managerial officer in charge of the distribution of employee profits sharing and the status of the distribution

2023

Unit: NT\$ Thousand

	Title	Name	Stock amount	Cash amount	Total	Total amount as a percentage of net profits after tax (%)
Manager	General manager	Da-Kuan Yang	0	417	417	0.06%
	Deputy general manager	Bao-Lin Zhang				
	Senior Manager	Qing-Shou Zhang				
	Manager, Business Department	Ko-Chien Yeh				
	Manager, Finance and accounting department	Su-Chiu Tsai				
	Manager, Audit department	Yi-Sheng Zhang				
	Nanshenghu Plant Manager	Lian-Huo Lin				

Note 1: The Board of Directors approved the 2023 employee profit-sharing remuneration of \$17,830 thousand, which was estimated based on the average of the number of employees.

- (III) Analysis of the total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax in the parent company only or individual financial statements, and explanation of the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

- Analysis of the total remuneration paid to directors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax

Title	Total remuneration amount as a percentage of net profits after tax (%)			
	2023		2022	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	5.97%	7.03%	7.40%	11.06%
General manager or deputy general manager	0.69%	0.89%	1.11%	1.47%

2. Policy, criteria, and combination of remuneration

The Company shall pay remuneration to directors, managerial officers, and employees in accordance with the Company's Article of Incorporation, the Remuneration Committee Charter and human resources rules & regulations. The procedures for determining the remuneration are as follows:

(1) The principle of directors' remuneration

The Company's remuneration policy for directors is stipulated in the Company's Articles of Incorporation. Where the Company makes a profit for a year, the director's remuneration shall be distributed as per the Company's Articles of Incorporation and approved by the Board of Directors. The Board of Directors are authorized to determine directors' remuneration and honoraria as per the usual standard in the industry.

(2) General manager or deputy general managers

The remuneration of the Company's general manager and deputy general managers includes salary, bonuses and employee remuneration, and the remuneration is determined in a reasonable manner based on their education and experience, the usual salary level in the same industry, the responsibilities assumed for their positions, the achieving of goals, and the degree of their contribution, as well as the Company's business performance for the year, which should be able to demonstrate their responsibilities and risks assumed.

(3) Employees

As for the employees' performance evaluation and salary and remuneration, the content and amount of individual salary and remuneration are determined based on the usual level in the same industry, evaluation results obtained from the performance evaluation standards, personal performance, the Company's operating performance, and future risks.

3. Relevance to business performance and future risks

It is determined based on the Company's annual operating performance, the usual payment level in the industry, and the overall changes in the overall business environment while considering the positive correlation with Company's operating performance and future risks to achieve a balance between sustainable operation and risk control.

(1) The Company's Remuneration Committee regularly reviews, evaluates and sets the remuneration of directors and managerial officers to determine if actual remuneration is more favorable than the recommendations of the Remuneration Committee

(2) Directors and managers shall not be guided to engage in behavior that is outside the scope of the Company risk tolerance in pursuit of remuneration, and shall not focus on short-term results.

(3) The proportion of dividends and partial variable salary and remuneration for the short-term performance of high-level managerial officers shall be determined based on the industry characteristics and the nature of the Company's business.

#### IV. The Company's implementation of corporate governance

(I) The operations of the Board of Directors

1. In the most recent year, the Board of Directors held 4 meetings, and the attendance of directors is as follows:

2023

Title	Name	Attendance in person (times)	Attendance by proxy (times)	Actual attendance (%)	Note
Chairman	Zhi-Xiong Yang	3	1	75%	
Director	Zhong-Xiong Yang	4	0	100%	
Director	Daqin Yang	4	0	100%	
Juristic-person representative of director	Bo-Wei Yang	4	0	100%	
Director	Hua-Ling Lin	4	0	100%	
Director	Ren-Xiong Yang	4	0	100%	
Independent director	Zheng-Ting Chen	4	0	100%	
Independent director	Rui-Tai Wu	4	0	100%	
Independent director	Zheng-Tong Shi	4	0	100%	

Other matters to be recorded:

- I. For matters listed in Article 14-3 of the Securities and Exchange Act or other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements, the date and period of the board meeting, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:
- (I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to "Important Resolutions of the Board of Directors" on pages 45 to 46.
- (II) Except for the matters above, other board meeting resolutions for which independent directors expressed objections or reserved opinions on record or in a written statement: None.
- (III) The implementation of directors' recusal of proposals for being interested parties: None.
- II. Evaluation of the current year's and the most recent year's goals of strengthening the Board functions and implementation:
- The Company communicated with CPAs in writing on relevant governance matters on a quarterly basis, and CPAs were invited to attend the Board meeting on March 13, 2024 in a non-voting capacity to communicate with all directors.
  - The Company has established the "Measures for the Self-Evaluation or Peer Evaluation of the Board of Director". In 2023, the Company added new measures related to the evaluation of the members of functional committees. In 2024, the members of the Board of Directors and the members of functional committees will conduction self-evaluation of the operations of the Board of Directors, the Audit Committee and the Remuneration Committee for 2023 on their own, and then the Board of Directors' administrative unit conducted a comprehensive evaluation, and the results of the performance evaluation was reported to the Board of Directors on March 13, 2024.

2. Attendance of independent directors at each board meeting in 2023

2023	1st	2nd	3rd	4th
Zheng-Ting Chen	Attended in person	Attended in person	Attended in person	Attended in person
Rui-Tai Wu	Attended in person	Attended in person	Attended in person	Attended in person
Zheng-Tong Shi	Attended in person	Attended in person	Attended in person	Attended in person

3. Evaluation of the Board of Directors and functional committees

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2023 to December 31, 2023	The entire board	Internal self-evaluation by the Board of Directors	<ol style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Improvement to the quality of decision-making by the Board of Directors</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Election and continuing education of directors</li> <li>5. Internal control</li> </ol>
Once a year	January 1, 2023 to December 31, 2023	Individual directors	Board members Self-evaluation	<ol style="list-style-type: none"> <li>1. Keeping abreast of the Company's goals and mission</li> <li>2. Awareness of directors' duties</li> <li>3. Participation in the Company's operations</li> <li>4. Internal relationship management and communication</li> <li>5. Professional and continuing education of directors</li> <li>6. Internal control</li> </ol>
Once a year	January 1, 2023 to December 31, 2023	Performance evaluation of the Audit Committee	Member's self-evaluation	<ol style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Improvement in the quality of the functional committee's decision making</li> <li>4. Composition and member selection of the functional committee</li> <li>5. Internal control</li> </ol>
Once a year	January 1, 2023 to December 31, 2023	Performance evaluation of the Remuneration Committee	Member's self-evaluation	<ol style="list-style-type: none"> <li>1. Participation in the Company's operations</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Improvement in the quality of the functional committee's decision making</li> <li>4. Composition and member selection of the functional committee</li> <li>5. Internal control</li> </ol>

Note: For details, please refer to the "Corporate Governance" - "Evaluation of the Board of Directors and Functional Committees" on the Company's website.

(II) Highlights of the annual work of the Audit Committee and its operations

1. The aim of the Audit Committee is to assist the Board of Directors in overseeing the quality and integrity of the Company's implementation of accounting, auditing, financial reporting processes and financial controls. The matters reviewed in 2023 mainly include:

- (1) Financial statement audits and accounting policies and procedures.
- (2) The internal control system and relevant policies and procedures and the assessment of the effectiveness of the internal control system.
- (3) Independence and performance evaluation of CPAs.
- (4) Appointment and professional fees of CPAs.
- (5) Appointment and dismissal of finance, accounting and internal audit officer.
- (6) The annual financial report that was signed or sealed by the Chairman, manager, and the chief accounting officer and audited and certified by CPAs, and the quarterly financial reports (including the first, second, and third quarters) reviewed by CPAs.
- (7) Any other material matter so determined by the company or the competent authority.

2. The operations of the Audit Committee

In 2023, the Audit Committee held 4 meetings, and the attendance of independent directors is as follows:

Title	Name	Attendance in person (times)	Attendance by proxy (times)	Actual attendance (%)	Note
Independent director	Zheng-Ting Chen	4	0	100%	
Independent director	Rui-Tai Wu	4	0	100%	
Independent director	Zheng-Tong Shi	4	0	100%	

Other matters to be recorded:

I. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date of the meeting	Proposal content	Resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions
2023/03/14 (7th meeting of 2nd term)	The Company's 2022 parent company only and consolidated financial statements.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
	2022 earnings distribution proposal	
	Report on the distribution of the 2022 profit-sharing remuneration for employees and profit-sharing remuneration for directors	
	Proposal for the pre-approval of non-assurance services provided to the Company and subsidiaries by the attesting CPA firm and its affiliates	
	Appointment, professional fees, and evaluation of the independence of the attesting CPAs of the Company for 2023.	
	Amendments to certain provisions of the Company's "Regulations Governing Internal Control Systems".	
	"Statement on Internal Control System" for 2022	

2023/5/12 (8th meeting of 2nd term)	The consolidated financial statements for 1Q2023 had been prepared, with the draft review report that stated a qualified opinion issued by PwC Taiwan.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
2023/08/10 (9th meeting of 2nd term)	The consolidated financial statements for 2Q2023 had been prepared, with the draft review report that stated a qualified opinion issued by PwC Taiwan.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
2023/11/09 (10th meeting of 2nd term)	The consolidated financial statements for 3Q2023 had been prepared, with the draft review report that stated a qualified opinion issued by PwC Taiwan.	Agreed to pass by all the members present, submitted to the Board of Directors and approved by all the directors present without any objection.
	Total budget for 2024	
	Amendments to the Company's "List of Internal Audit Implementation Rules" on business cycle and additions to "List of Internal Audit Implementation Rules" for "Preparation and Validation of Sustainability Report", "Risk Management Policies and Procedures", and "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors".	
	Amendments to the Company's "Accounting System"	

(II) Other than the matters in the preceding paragraphs, resolutions not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

II. With respect to the implementation of directors' recusal of proposals for being interested parties, the names of the independent directors, the contents of the proposals, the reasons for the recusal and the circumstances of their participation in voting: None.

III. The communication status between independent directors, internal audit officer, and CPAs (material matters, methods, and results of communication on the Company's financial and business status shall be included):

(I) The independent directors convene the meetings of the Audit Committee on a quarterly basis, and the internal audit officer attends the meetings to report on the execution of audit works and reports on significant internal control and internal audit matters, and completes the execution, reporting and tracking of matters instructed by each of the independent directors.

(II) The attesting CPAs appointed by the Company communicate with each independent director on matters required by other relevant laws and regulations at the quarterly audit committee meetings, and attend the meetings of the Audit Committee in the first quarter of each year to communicate on matters related to the audit and attestation of financial statements.

Meeting date	Communication with internal audit officer	Communication with CPA
2023/03/14 7th meeting of 2nd term	Report on the execution of 2023 audit works.	Report on the audit results of the 2023 financial statements.
2023/05/12 8th meeting of 2nd term	Report on the execution of 2023 audit works.	
2023/08/10 9th meeting of 2nd term	Report on the execution of 2023 audit works.	
2023/11/09	Report on the execution of 2023	

10th meeting of 2nd term	audit works.	
*The three independent directors of the Audit Committee did not express objections or reserved opinions at the Audit Committee meetings.		

(III) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has formulated a set of "Corporate Governance Practice Principles" and disclosed it on the Company website and the Market Observation Post System (MOPS).	None
II. The Company's equity structure and shareholder equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		(I) The Company has a spokesperson, an acting spokesperson and stock affairs personnel and cooperates with the stock affairs agency to handle shareholder proposals or disputes, and has contact information on the website at <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a> . All of the above are implemented in accordance with the internal systems.	None
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	✓		(II) The Company keeps track of the stake of major shareholders and file reports in accordance with regulations.	None
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓		(III) Set up relevant internal control systems in accordance with laws and regulations, has established the "Measures for Governance of Subsidiaries" and other regulations, and regularly holds supervisory meetings to control operation risks by using the "Analysis and Evaluation Form for Finance and Business of Subsidiary"	None
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV) The Company has established "Operating Procedures for Handling Material Inside Information and Preventing Insider Trading", which are published on the Company's website. On 2023.02.13, 2023.04.21, 2023.07.20, 2023.10.23, the Company provided promotional educations on the "Possible Violations of Law Caused by Insider Equity Transfer", "Operating Procedures for Handling Material Inside Information and Preventing Insider Trading" and relevant laws and regulations. A total of 316 people were trained.	None
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated a Board diversity policy and specific management objectives and implemented them accordingly?	✓		(I) The Company has established a diversity policy on membership in Chapter 3 "Enhancing the functions of the Board of Directors" of the "Corporate Governance Practice Principles". See page 14 of the annual report.	None
(II) In addition to the Remuneration Committee and the Audit Committee		✓	(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company will set up other functional	

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
<p>established in accordance with law, has the Company voluntarily set up other functional committees?</p> <p>(III) Has the Company formulated board performance evaluation regulations and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?</p> <p>(IV) Does the Company regularly evaluate the independence of attesting CPA?</p>	<p>✓</p> <p>✓</p>		<p>committees.</p> <p>(III) The Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors" were passed on March 31, 2020. According to the Measures, the 2023 self-evaluation by the Board and the performance evaluation of functional committees were completed on December 31, 2023, and the reporting was completed in January 2024. The results of the performance evaluation were submitted to the Board of Directors on March 13, 2024 and the Remuneration Committee for reference.</p> <p>(IV) We regularly assess the independence of CPAs per year and require them to provide a "statement of independence". Since 2023, the Audit Committee and the Board of Directors have further assessed and confirmed the independence and suitability of the CPAs and their accounting firm appointed with reference to the 13 indicators of the five aspects of the Audit Quality Indicators (AQIs) (please refer to pages 48-49 of this annual report). On March 13, 2024, the Audit Committee and the Board passed the review of the independence of the CPAs. The main points of the evaluation are as follows:</p> <ol style="list-style-type: none"> <li>1. Whether there is any direct or material indirect financial interest between the Group and PwC.</li> <li>2. Whether the Group has significant close business relationships with PwC.</li> <li>3. Whether the Group has an employment relationship with PwC.</li> <li>4. Whether the Group and PwC agreed on contingent professional fees related to audit cases.</li> <li>5. Whether anyone from PwC currently or within the most recent two years has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases.</li> <li>6. Whether PwC represents the Group in defense of legal cases or other disputes with third parties.</li> <li>7. Whether the members of the PwC audit team are related to the directors, supervisors, managerial officers or persons who have significant influence on the audit cases of the Group.</li> <li>8. Whether the Group has obtained the statement of independence issued by PwC.</li> </ol>	<p>None</p> <p>None</p>
<p>IV. Does the Company as a listed enterprise have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to</p>	<p>✓</p>		<p>The President concurrently serves as the corporate governance officer, and the personnel of Finance and Accounting Department concurrently serve as corporate governance personnel, who are responsible for providing the information required by the directors to perform their duties, handling matters related to the Board meetings and shareholders' meetings, handling stock affairs, preparing annual reports, minutes of shareholders' meetings, minutes of board meetings, and handling other corporate governance matters, and discussing important matters</p>	<p>None</p>

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?			related to governance. As for important matters related to governance: it is responsible for establishing an effective corporate governance structure, protecting shareholders' rights and interests, strengthening the Board functions, making good use of the supervisory functions, respecting stakeholders' rights and interests, and improving information transparency.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	✓		For stakeholder inquiries, recommendations, complaints, and whistleblowing, please contact us directly by phone or by online consultation based on the contact information disclosed on the Company's website: <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a> .	None
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The Company appoints the Agency Department of CTBC Bank Co., Ltd. to handle the stock affairs.	None
VII. Information Disclosure				
(I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	✓		(I) Finance and business matters as well as information on corporate governance are disclosed on the Market Observatory Post System (MOPS) and the website <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a> in real time.	None
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	✓		(II) The Company has a spokesperson and an acting spokesperson mechanism and appoints personnel to be responsible for collecting and disclosing information. We have set up an official website to publish material information in real time in addition to disclosing it on the MOPS and announce information on the Company's events and activities. There is a "Stakeholders area" on the official website ( <a href="http://www.hsingta.com.tw/Aboutusdetail.asp?lv=-1&amp;id=14">http://www.hsingta.com.tw/Aboutusdetail.asp?lv=-1&amp;id=14</a> ), to allow stakeholders to communicate with the Company smoothly. The information on the annual investor conference held per year has been disclosed in the "Investor Services" area of the Company's website ( <a href="http://www.hsingta.com.tw/Download.asp?lv=0&amp;id=90">http://www.hsingta.com.tw/Download.asp?lv=0&amp;id=90</a> ). In the future, an English website will be set up as appropriate.	None
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?	✓		(III) The Company shall announce and file its annual financial statements within three months after the end of each fiscal year, announce and file its first, second and third quarterly financial statements within 45 days after the end of each quarter, and announce and file its monthly operating status by the 10th of each month.	Filings are made within the time specified by law

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		<p>(I) The Group has HR-related management measures in accordance with law, makes contributions for labor pensions, protects employee rights and interests, and regularly renews collective bargaining agreements with enterprise unions.</p> <p>(II) The Company's labor insurance and various welfare measures such as group injury insurance, regular health checkups, travel allowances, educational subsidies, and consolation payments for employees, as well as provisions of employee welfare funds are in place to take care of employees and their families.</p> <p>(III) In addition to announcing material information in accordance with law, the Company discloses financial, business and corporate governance information on the Company's website, and has dedicated personnel to provide investor inquiry services.</p> <p>(IV) The Group has always attached importance to relationship with suppliers. In addition to building a foundation for mutual trust and benefit, the Group has also established a supplier evaluation system and requested commitments from suppliers to enhance the quality of procurement and transparency of transactions. Supplier management and policies is available on our website: <a href="http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=14">http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=14</a>.</p> <p>(V) The Company adopts the principle of sustainable operations to pursue its goals, and fully discloses information on the Company's website and the Market Observation Post System to protect the rights of all stakeholders.</p> <p>(VI) The directors of the Group always pay attention to compliance with relevant laws and regulations.</p> <p>(VII) The internal control systems of the Group has required it to conduct risk management and evaluation for various operations according to laws and regulations and materiality, and to carry out self-evaluation and audit to effectively control various risks.</p> <p>(VIII) The Group has established service management measures to handle customer complaints, conduct regular customer satisfaction surveys, set up whistleblowing websites, and review customer service conditions at business meetings.</p> <p>(IX) We purchase liability insurance for all directors per year for a period of one year with an insurance amount of NT\$90,000,000.</p>	None
<p>IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved:</p> <p>(I) The Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors" were passed on March 31, 2020, which stipulate that the Board members to perform individual self-evaluation per year, and the operations of the Board were then comprehensively evaluated by the Board of Directors' administrative unit, and the performance evaluation results were disclosed on the MOPS. The Company amended the Measures on March 14, 2023 with addition of new provisions related to the performance evaluation of "functional committees", and had completed the performance evaluation of the Audit Committee and the Remuneration Committee for 2023 in 2024, and reported the evaluation results to the Board of Directors on March 13, 2024.</p> <p>(II) The Board has regularly (at least once per year) evaluated the independence and suitability of CPAs with reference to the AQIs since 2023, and the evaluation procedures are disclosed in detail in the annual report.</p>				

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
(III)			To enhance the functions of the Audit Committee, the Company's interim financial statements will all be submitted to the Audit Committee for approval starting from 2023 and to the Board for discussion and resolution.	
(IV)			On August 10, 2023, the Board of Directors approved the Company's "Risk Management Policies and Procedures", which regulate the disclosure of the scope, organizational structure, and operations of risk management, which are available on the Company's official website <a href="http://www.hsingta.com.tw/Download.asp?lv=1&amp;id=191">http://www.hsingta.com.tw/Download.asp?lv=1&amp;id=191</a> .	
(V)			The Company's 2022 Sustainability Report discloses relevant ESG information in accordance with the GRI Standards, SASB Standards, and the TCFD recommendations issued by the Global Reporting Institute (GRI), and is published on the Company's official website. The 2023 Sustainability Report will be published by June 30. <a href="http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7">http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7</a>	

(IV) Composition, duties and operation of the Remuneration Committee

1. Composition of the Remuneration Committee: 3 members in total.

Information on the members of the Remuneration Committee

April 21, 2024

Position	Criteria	Professional qualifications and experience	Independence status	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
	Name			
Convener of independent directors	Zheng-Ting Chen	See the Schedule on page 13	See the Schedule on page 13	2
Independent director	Rui-Tai Wu	See the Schedule on page 13	See the Schedule on page 13	None
Others	Li-Xiong Chen (Note 1)	Has more than five years of work experience and specializes in finance and management. Experience: Master of Business Administration, West Florida State University. General Manager of Yulon Finance Corporation. Chairman of The Taipei Leasing Association. R.O.C. The Chairman of Taishin D.A. Finance Co., Ltd.	Not under any circumstances shown in (Note 2). Meet the independence criteria.	None
Others	Shuowen Zhang (Note 1)	Has more than five years of work experience and specializes in management. Experience: Master of Science in Technology Management, Christian University of Colorado, USA. Member of the 6th and 7th Legislative Yuan General Manager, TAIWAN FARMER UNITED LOGISTICS CORP.	Not under any circumstances shown in (Note 2). Meet the independence criteria.	None

Note 1: Member Li-Xiong Chen resigned from the Remuneration Committee on June 30, 2023 due to personal career planning, and on August 10, 2023, the Board of Directors resolved to appoint Shuowen Zhang as the replacement.

Note 2: Including but not limited to whether I, my spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees at the Company or its affiliates; whether I, my spouse, or relatives within the second degree of kinship (or by nominee arrangement) hold the Company's shares (number and percentage); whether I, my spouse, or relatives within the second degree of kinship serve as a director, supervisor, or employee at a company with specific relations with the Company (see provisions of Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount of remuneration I received for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years.

2. Responsibilities of the Remuneration Committee:

- A. Establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration for directors and managerial officers.
- B. Regularly evaluate and determine the remuneration for directors, and managerial officers.

3. Information on the operations of the Remuneration Committee: There are three members in the Remuneration Committee; the term the current term of members: From August 12, 2021 to July 8, 2024. The Remuneration Committee held two meetings in the most recent year (A). The members' qualifications and attendance are as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy (times)	Actual attendance (%) (B/A) (Note)	Note
Convener	Zheng-Ting Chen	2	0	100%	
Member	Li-Xiong Chen	1	0	100%	Resigned on 2023.06.30
Member	Rui-Tai Wu	2	0	100%	
Member	Shuowen Zhang	1	0	100%	Appointed as the replacement on 2023.08.10

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be stated): None.

II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated: None.

III. Remuneration Committee meetings:

- At the 2nd meeting of the 5th Remuneration Committee on 2022.01.18, the employee remuneration, director remuneration, and Chairman and managers year-end bonuses were all passed by all the members present as proposed without objection. Said proposals were submitted to and approved by the Board of Directors.
- At the 3rd meeting of the 5th Remuneration Committee on 2022.09.15, the salary and remuneration of the Chairman and employee bonus payout were all passed by all the members present as proposed without objection. Said proposals were submitted to and approved by the Board of Directors.

IV. Resignation or replacement of Remuneration Committee members:

- Member Li-Xiong Chen resigned on 2023.06.30.
- Member Shuowen Zhang was appointed as the replacement on 2023.08.10.

Note 1: If a member of the Remuneration Committee leaves before the end of the year, the date left should be indicated in the Note column. The attendance in person (%) is calculated based on the number of the Remuneration Committee meetings and the individual's attendance during his or her employment.

Note 2: If there is a re-election of the Remuneration Committee before the end of the year, both the new and old members of the Committee should be listed, and whether the member is old, newly-elected or re-elected and the date of re-election should be indicated in the Note column. The attendance in person (%) is calculated based on the number of the Remuneration Committee meetings and the individual's attendance during his or her employment.

(V) Status of promotion of sustainable development and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Has the Company established exclusively (or concurrently) dedicated units to promote sustainable development, and has the Board of Directors placed personnel at the senior	✓		1. The structure of the Company's sustainable development governance: We originally had a CRS office in place, which was transformed into a "Sustainable Development Committee" in September 2022, which is chaired by the General Manager, along with the members served by senior	None

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
management in charge of the promotion and monitored the promotion?			<p>management of different departments. They jointly inspect the Company's situation and set out medium- and long-term sustainable development plans, while regularly reporting the implementation and results to the Board.</p> <p>2. Implementation by each organization:</p> <p>(1) The Sustainable Development Committee is divided into the "environmental sustainability task force", "social shared prosperity task force", and "stewardship task force". The members of each task force are from different departments and units. Different issues will be improved after they are reported by relevant units. Among them, the "environmental sustainability task force" (this task force was then transformed into an independent greenhouse gas inventory committee) is responsible for energy saving, carbon reduction, greenhouse gas emissions, air pollution, water pollution, waste, and environmental management; the "social shared prosperity task force" is responsible for customer service, labor-management relations, supply chain social responsibility, and social charity; the "stewardship task force" is responsible for operational risk management, internal audit, financial performance, information security, compliance, ethical management, and board governance practices. Please visit the Company's official website <a href="http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7">http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7</a> for the organizational chart and more details.</p> <p>(2) The Company set up the Sustainability Committee in 2023. A total of 112 members of the committee participated in education and training on sustainable issues. Internal education and training were conducted on 2023.10.26 and 2023.11.16, and external consultants were invited to give lectures on 2023.11.30 and 2023.12.26, for a total of 4 education and training sessions, and 12 hours of education and training were conducted cumulatively.</p> <p>(3) The Committee reports to the Board at least once per year after its establishment on the relevant implementation status and submitted a report to the Board on November 9, 2023.</p> <p>3. The Company will adjust relevant strategies, goals, and review measures on a rolling basis depending on laws and regulations or the governance situation.</p>	
II. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>The evaluation boundaries are within the Company (including the Taipei headquarters and the Nanshenghu Plant in Yilan). We review the risks faced and perform risk assessment, classifying different environmental and social risks by probability, materiality, acceptability, and response. The Company has established various regulations and measures, which are enforced and controlled by each executive unit in accordance with law, and internal audit is responsible for review and feedback. The Company responds to different levels of risk by adopting different combinations of risk aversion, risk acceptance, risk transfer, risk reduction, and risk utilization for</p> <p>The ESG Committee conducts analysis in accordance with the materiality principle of the ESG report, communicates with internal and external stakeholders, and evaluates the impact of various issues through our 6 senior management and 3</p>	None

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			<p>independent directors of the Company on the Company's short-, medium-, and long-term financial and non-financial business. It also reviews the practices of domestic and international leading companies and relevant literature to evaluate material ESG issues, formulates assessment, supervision, and management policies for such issues, and adopts specific action plans to reduce the impact of such risks.</p> <p>Please refer to the Company's ESG Report for the relevant risk management policies:  <a href="http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7">http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7</a>.</p>	
<p>III. Environmental Issues</p> <p>(I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?</p>	✓		<p>(I) The Company has complied with the applicable laws and regulations on environmental protection and carries out inspections, keeps records, and files reports based on the characteristics of the cement industry. We are committed to improving pollution prevention equipment. The main flue is equipped with a CEMS continuous monitoring system to control pollution emissions in real time in compliance with the air pollutant emission standards and regulations under environmental laws. We have established an environmental management system for effluent discharge management, air pollution prevention, waste management, environmental protection education and training, and environmental management organization and responsibility. As for greenhouse gases, we conduct annual greenhouse gas inventory and adopt third-party verification service in accordance with the ISO14064-1 standard and the "Guidelines for Greenhouse Gas Emission Inventory of the Environmental Protection Administration" (EPA) and input the verification results on the "EPA's National Greenhouse Gas Input Platform" and disclose it in the annual report.</p>	None
<p>(II) Is the Company committed to improving the energy use efficiency and using recycled materials with a low impact on the environment?</p>	✓		<p>(II) The Company is fully committed to promoting environmental protection, circular economy and resource recycling. The Company makes great efforts towards reducing the use of raw ore, coal and electricity as well as zero waste water discharge from the processes; in terms of reuse of business waste, the Company has made the reuse of resources in the circular economy a key development plan. For example: Using desulfurized gypsum and coal fly ash produced by power plants, slag and iron slag produced by steel plants, silica sand and clay from waste earthwork as alternative raw materials for processes; helping photovoltaic power and semiconductor industries treat calcium fluoride sludge and water washed stabilized ash from incineration plants and incinerate recycled pellets. The Company is committed to reducing the discharge of pollutants from processes and improving the efficiency of resource use actively to maximize the recycling and reuse of resources.</p>	None
<p>(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to relevant issues?</p>	✓		<p>(III) To cope with potential risks that may be caused by climate change, the Company had completed the first climate risk assessment in 2022 in accordance with the TCFD recommendations, focusing on five major risks. and has formulated relevant implementation measures in advance to reduce or avoid potential risks. Also, the Company actively participates in the government's technical guidance sessions on voluntary greenhouse gas reduction, proactively improves processes, invests in</p>	None

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for greenhouse gas reduction, water consumption reduction, or other waste management?	✓		<p>equipment to improve processes, reduces energy consumption, and recycles and reuses renewable resources, to respond to energy conservation and carbon emissions issues and regulations due to climate change. Countermeasures: Improve processes, reduce energy consumption, and use renewable resources, which can cut costs, improve corporate image, and fulfill corporate social responsibility. The detailed assessment of climate change risk and analysis has been disclosed in the Company's Sustainability Report.</p> <p>(IV) The Company's Nanshenghu Plant has conducted annual greenhouse gas emissions examinations since 2013, and had expanded the scope of the inventories to include the mining sites and the Taipei Head Office in 2022, and has been certified by the external third party, AFNOR, and its annual greenhouse gas emissions have been registered on the "National Greenhouse Gas Registration Platform of the Environmental Protection Bureau, Executive Yuan". In addition, in accordance with the government's energy-saving and carbon-reduction plan, the policy of reducing power consumption by 5% within 5 years will be implemented in 2020; In addition to the water consumption being registered on the "Water Pollution Control Information Management System of the Environmental Protection Administration, Executive Yuan" every six months in accordance with law, the goal of zero discharge for process water recycling has been achieved; The total amount of business waste has registered on the "Business Waste Declaration and Management Information System of the Environmental Protection Administration, Executive Yuan" every month, and the business waste is properly processed and reused by the Company through the rotary kiln system. The Nanshenghu Plant continues to pay attention to and invest in improvements for various environmental protection issues, such as air pollution control and prevention, water pollution control and prevention, energy saving and carbon reduction, and greenhouse effect and hopes to co-exist and co-prosper with the local environment and share the win-win-win result among our plant, the local environmental policy and the ecological environment in Yilan.</p> <p>(1) Greenhouse gas: Nanshenghu Plant's greenhouse gas emissions of carbon dioxide emissions in 2021 included direct emissions of 574,039 metric tons, indirect emissions of 43,746 metric tons, totaling 616,786 metric tons, and in 2022, included direct emissions of 479,891.48 metric tons, indirect emissions of 37,922.41 metric tons, other indirect emissions of 13,837.24 metric tons, totaling 531,651.13 metric tons. For 2023, please refer to the Schedule on page 37 of this annual report. The data over the past three years has been inspected and certified by an external third party, SGS Taiwan.</p> <p>(2) Water consumption: The groundwater used by the Nanshenghu Plant was 221,702 m<sup>3</sup> in 2021, and 251,619 m<sup>3</sup> in 2022 and 303,941 m<sup>3</sup> in 2023.</p> <p>(3) Waste: Waste by outsourced disposal was 94.26 metric tons in 2021, 143.57 metric tons in 2022 ,</p>	None

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			Hazardous Waste was 0 metric tons and Non-Hazardous Waste was 118.675 metric tons in 2023, for a total of 118.675 metric tons.	
IV. Social Issues				
(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	✓		(I) The Company has formulated various measures on personnel management in accordance with relevant labor laws and regulations as well as internationally recognized basic labor human rights principles, and has set up an employee welfare committee and corporate labor unions to ensure the legitimate rights and interests of employees and non-discriminatory employment. Refer to the website for the Company's human rights policy and whistleblowing channels for violations of the policy: <a href="http://www.hsingta.com.tw/SupportDetail.asp?lv=1&amp;id=16">http://www.hsingta.com.tw/SupportDetail.asp?lv=1&amp;id=16</a> . Implementation status: See the "labor-management relations" in this annual report.	None
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?	✓		(II) Employee remuneration Reasonable remuneration, vacation and various employee welfare measures have been implemented in accordance with relevant labor laws and regulations (see "Labor Relations" in this annual report for more details), and various cash awards are regularly assessed and paid for childbirth and three festivals. In addition, according to the Company's Article of Incorporation, "1% to 3% of the annual profits shall be set aside as employee bonus. The average remuneration of employees in 2023 was up by 9.6% compared to 2022. Employee welfares The company has set up an Employee Welfare Committee to provide employees with quality welfares, such as: employee travel subsidies, birthday gift coupons, wedding subsidies, funeral subsidies, and other benefits. Diversity and equality in the workplace To realize equal pay for equal work and equal promotion opportunities for men and women, the average percentage of female employees in 2023 was 8.21%, and the average percentage of female leaders was 12.50%.	
(III) Does the Company provide employees with a safe and healthy working environment, and related education?	✓		(III) The Company's Nanshenghu Plant has established and implemented an effective and preventive safety and health management system in accordance with the ISO 45001: 2018 and the CNS 45001: 2018 safety and health management systems and provided relevant education and training and regular "on-site health services" with contracted medical personnel. The occupational safety committee has been established and its composition include more than one-third of labor representatives in addition to professionals. The committee meets at least once a quarter to make recommendations on safety and health policies, and to review, coordinate and suggest safety and health related matters. There is a safety and health management office responsible for the awareness and maintenance of workplace safety, and regular training and employee health checkups are implemented to reduce hazards to employee safety and health, prevent occupational hazards, and improve employee working environment. There were no occupational disasters in 2023.	None
(IV) Has the Company established an effective	✓		(IV) The Company's Administration Department and Factory Affairs Department have set up their respective human	None

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
<p>career development training program for employees?</p> <p>(V) Does the Company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interest?</p> <p>(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?</p>	<p>✓</p> <p>✓</p>		<p>resources unit, which focuses on offering of professional training and acquisition of technical certification, and gradually establishes career development training programs for employees in various professions.</p> <p>(V) The Company's plant has obtained ISO9001 certification, with cement products meeting the CNS Marking requirements, and has "Service Management Measures", "Personal Data Protection Management Measures" and other specifications for compliance, and has set up a complaint channel on the website; in addition, the departments and personnel in charge of business are the front line of action to collect information and resolve and report relevant problems. The Company's products, services and labeling are in accordance with government regulations and international standards.</p> <p>(VI) Before the Company deals with major suppliers, they will need to undergo reviews and evaluations and will be expected to live up to the International Bill of Human Rights, fulfill corporate social responsibility, develop a sustainable environment, enhance resource efficiency, and treat each other with integrity and equality. See more information on the website:  <a href="http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=14">http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=14</a>  Suppliers still need to undergo continuous evaluations after being qualified by the initial reviews and evaluations. If any supplier is involved in illegal acts, violations of social norms, or breaches of quality commitments, the Company may terminate its qualifications at any time. Supplier management and policies can be found on the website of HSING TA.</p>	<p>None</p> <p>None</p>
<p>V. Has the Company referred to international reporting standards or guidelines in its preparation of ESG reports and other reports which disclose the Company's non-financial information? Has the confirmation or assurance opinion from third-party certifying institutions been obtained for the reports of the preceding paragraph?</p>		<p>✓</p>	<p>The Company had published the first Sustainability Report in 2023 with reference to international sustainable development trends, ESG regulations (GRI Standards and SASB), industry characteristics, and practices of model companies, and it is planned to publish the 2024 Sustainability Report before the end of June.  <a href="http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7">http://www.hsingta.com.tw/SupportDetail.asp?lv=-1&amp;id=7</a></p>	<p>In the future, we will appoint a third party to provide assurance for the report in accordance with laws and regulations.</p>
<p>VI. If the Company has formulated its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development "Best Practice Principles for TWSE/TPEX Listed Companies", please describe the difference between its operation and the established Principles: We will formulate the Sustainable Development Best Practice Principles depending on the situation.</p>				
<p>VII. Other important information that is helpful to understand the implementation of corporate social responsibility:</p> <p>(I) The Group's Nanshenghu Plant:</p> <ol style="list-style-type: none"> <li>In addition to actively assisting Su'ao Cold Spring Cultural Festival, hiking, road running and other cultural and charitable activities organized by the Su'ao Township Office, Yilan County, the Company's Nanshenghu Plant provided NT\$594,000 in scholarships to benefit junior and senior high school students in the county in 2023.</li> <li>The Group's Nanshenghu Plant constantly sponsors festive events in the neighboring communities and temples; gives gifts to residents near the plant during Chinese New Year to fulfill the responsibility of being a good neighbor; and in response to the activities of the Environmental Protection Bureau activities, adopts the front section of the Taiwan no. 9 highway and the Mingde Industrial Road leading to the Wulaikeng Scenic Area, and regularly send staff to sweep and cut the weeds along the road.</li> <li>Residents in the vicinity of the Group's Nanshenghu Plant feared that the original drainage ditch could not cope with heavy rainfalls and therefore, the Company provided 350 Pings of land behind the plant for free and cooperated with the Soil and Water Conservation Bureau and other units to widen, improve and afforest the river course.</li> </ol>				

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
4.			Sheng'an Temple was built on the land where the Nanshenhu Plant of the Group is located with a long history. It is the central religious belief of the local residents. The Company donated 252 pings of land to the Temple to make its property rights complete.	
5.			Assist in the development of industries, culture and education in the indigenous communities, and donate to various community development associations for school equipment and training and development expenses in Nan'ao Township.	
6.			The Group financed the cleaning of the drainage ditch around the plant to ensure that the surrounding farmland would not be affected when heavy rain came.	
(II)			For further details, please refer to the Chapter on "Social Shared Prosperity" in the Company's Sustainability Report. The Group's Jiangsu Xinning Plant: In 2023, the Company was recognized as a "Leading Enterprise in Green Development in 2023" and a "Model Enterprise or Institution in Environmental Protection in 2023".	
1.			Air pollution improvement The local standards of the cement industry in Jiangsu Province, "Cement Industry Air Pollutant Emission Standards", were implemented on July 1, 2022. As per the pollutant emission concentration standards, the concentration should be less than 100 mg/m <sup>3</sup> for nitrogen oxides, less than 35 mg/m <sup>3</sup> for sulfur dioxide, less than 10 mg/m <sup>3</sup> for particulate matter, and less than 8 mg/m <sup>3</sup> for ammonia. As for production line monitoring, the concentration of pollutant emissions should be less than the local standard of Jiangsu Province all the time, which is the minimum and strict requirement. Nanjing City's requirements are stricter than the local standards of Jiangsu Province. Since 2019, the control of pollutant emissions has been gradually tightened. In 2022, the cement enterprises in Nanjing adopted the standard of the List of the Limits of Air Pollutants for Key Enterprises in Nanjing, that is, the concentration of nitrogen oxides should be less than 50 mg/m <sup>3</sup> , sulfur dioxide less than 5 mg/m <sup>3</sup> , and particulate matter less than 5 mg/m <sup>3</sup> . At the beginning of 2023, the kiln tail wet desulfurization technical upgrade project was launched. Jiangsu Xinning completed the project at the end of March and put it into use with a great effect. This project was about in-depth treatment of flue gas pollutants at the kiln tail. All the flue gas was washed with liquid, and the concentration of each pollutant is effectively controlled, reducing the amount of ammonia solution used and ammonia escape. In 2023, the nitrogen oxide emission was 152.264 tons, and the emission concentration was 36.14mg/m <sup>3</sup> ; the sulfur dioxide emission was 23.687 tons, and the emission concentration was 2.95 mg/m <sup>3</sup> ; the particulate matter emission was 11.677 tons, and the emission concentration was 5.23mg/m <sup>3</sup> . The annual ammonia consumption per ton of clinker decreased by 4.81% year-on-year (clinker production in 2022 was 1,696,006 tons and ammonia consumption was 6,128.90 tons, while clinker production in 2023 was 1,490,173 tons and ammonia consumption 5,125.96 tons.	
2.			Greenhouse gas inventory In respect of greenhouse gas, as the cement industry will soon be included in the national carbon emissions trading market, the platform for reporting greenhouse gas has been changed from the original website of the Ministry of Ecology and Environment of the PRC for emission permits to the National Carbon Emissions Trading Market Website - National Carbon Emissions Trading Market Management Platform. The 2022 greenhouse gas report was completed in November 2023. We received on-site verification conducted by a third-party carbon verification unit commissioned by the Department of Ecology and Environment of Jiangsu Province in December and passed the verification successfully. In 2022, the carbon dioxide emissions reported in accordance with the clinker production line accounting report template totaled 1,319,199.18 tons, the greenhouse gas emissions within the corporate boundaries calculated in accordance with the guidelines totaled 1,388,567.51 tCO <sub>2</sub> e, and the greenhouse gas emission intensity was 0.7778 CO <sub>2</sub> tons of CO <sub>2</sub> /ton of clinker. The submission of the 2023 greenhouse gas emissions report and monitoring plan and the review by a third-party is expected to take place in September-or October 2024. In 2023, the carbon dioxide emissions to be reported in accordance with the clinker production line accounting report template, based on the preliminary calculation, totaled 1,181,100 tCO <sub>2</sub> e, the greenhouse gas emissions within the corporate boundaries calculated in accordance with the guidelines totaled 1,228,400 tCO <sub>2</sub> e, and the greenhouse gas emission intensity was 0.7926 tons of CO <sub>2</sub> /ton of clinker. We completed and passed the 2023 cement low-carbon product certification review. According to the carbon peak plan of the country, Jiangsu Province, and Nanjing City's building materials industry, Nanjing's cement enterprises should achieve the "carbon peak" by 2023.	
3.			Energy management In respect of energy, the "norm of energy consumption per unit product of cement" (GB16780-2021) was implemented in November 2022, and the Company's combined coal consumption per unit of clinker product, energy consumption index and energy consumption per unit of cement product, and electricity consumption index at the stage cement preparation for 2023 all met the level 1 index, and the combined electricity consumption per unit of clinker only met the level 2 index. Among them, the combined coal consumption per unit of clinker product is 88.71kgce/t, the combined power consumption per unit of clinker product is 55.17kWh/t, the combined energy consumption per unit of clinker product is 95.49kgce/t, the combined energy consumption per unit of cement product is 73.33 kgce/t, and the power consumption at the stage of cement preparation is 24.35kwh/t. According to energy-saving plan under the 14th Five-Year Plan, the benchmark for the cement industry in Jiangsu Province is that the combined energy consumption per unit of clinker product should be less than 100 kgce/t. Nanjing City requires all cement enterprises to reach the provincial benchmark by 2025.	
4.			Duly implement corporate governance (1) We actively participate in other social responsibility activities such as environmental protection and energy conservation, social participation, social contribution, social services, social welfare, consumer rights, human rights, safety, sanitation, and health, such as waste recycling treatment and social activity donations, etc.	

Evaluation Items	Implementation			The differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
			<p>(2) The relevant units are responsible for environmental protection and various social welfare matters, such as engineering modification, environmental governance, environmental beautification and services, etc. to reduce the impact on the natural environment; reduce the discharge of pollutants and waste, and properly dispose of waste, increase the comprehensive utilization of resources, and maximize the sustainable use of resources.</p> <p>(3) Training and promotion are held from time to time on corporate ethics, which is incorporated in employees' comprehensive assessment. The HR management measures have basic rules, confidentiality obligations, and prohibition of corruption, malfeasance, bribery, etc., and rewards and punishments are given according to the degree and included in the employee performance assessment.</p> <p>5. For the development of a sustainable environment, we are committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment.</p> <p>6. Establish an appropriate environmental management system according to the characteristics of the industry</p> <p>(1) We carry out testing, recording, and reporting on the characteristics of the cement industry in accordance with relevant environmental protection laws and regulations, and strive to improve pollution prevention equipment and reduce pollution emissions to meet regulatory standards.</p> <p>(2) There is an industrial and environmental section dedicated to air pollution, water pollution, waste management and other related matters.</p> <p>(3) We actively transform plant equipment, reduce the unit consumption of products, and continuously modify plant equipment to achieve the goal of energy saving, low carbon and emission reduction.</p> <p>7. Maintain public welfare</p> <p>(1) The Company has formulated various measures on personnel management, money awards, leave of absence, and retirement management, etc. in accordance with relevant labor laws and regulations as well as internationally recognized basic labor human rights principles, and has set up an employee welfare committee to ensure the legitimate rights and interests of employees and non-discriminatory employment.</p> <p>(2) There is an industrial and environmental section responsible for the awareness and maintenance of workplace safety, and regular training and employee health checkups are implemented to reduce hazards to employee safety and health, prevent occupational hazards, and improve employee working environment.</p> <p>(3) There is a quality control division to handle customer feedback and questions at any time, and the business department regularly conducts customer opinion surveys to ensure the quality of customer service.</p> <p>(4) The Company enforces strict quality control and acceptance procedures and establish cooperative relationships with excellent suppliers through supplier evaluation, and work together to improve equipment efficiency and product quality. The Company is actively committed to cooperating in the processing of the sludge from the Nanjing Sewage Plant, taking on social responsibility and comprehensive reuse of resources.</p> <p>(5) Every year the ditches at the boundary of the plant are dredged to facilitate the water conservancy of the farmland of the surrounding people in the rainy season.</p> <p>(6) The Company makes donation to poverty-stricken students in Xingdian primary and secondary schools in Nanjing, China, with scholarships, visit poor households in the community during the Spring Festival, purchase books and other materials, provide emergency relief, actively participate in community services and other public welfare activities, act in response to the national targeted poverty alleviation work, and actively participate in the "Jiangsu Shaanxi Cooperation" targeted poverty alleviation work, local donation work for the COVID-19 pandemic.</p> <p>(III) The Group has obtained product certification, Quality Management System Certificate (ISO9001), a safety production standardization certificate, ISO 45001: 2018 and CNS 45001:2018 safety and health management system certifications, and ISO/IEC 10725 certification for laboratories in the Republic of China.</p>	

(VI) Implementation of climate-related measures

Item	Implementation
<p>1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short, medium and long term).</p> <p>3. Describe the impact of extreme climate events and transition actions on finance.</p> <p>4. Describe how the identification, assessment and management processes of climate risks are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess the resilience to climate change risk, describe the scenarios, parameters, assumptions, analytical factors used, and key financial impacts.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and targets used to identify and manage physical risks and transition risks.</p>	<p>1. In order to oversee and manage climate-related risks and opportunities, the general manager shall chair the Sustainable Development Committee, and the head of each unit are the members of the Committee to identify, assess, and deal with related affairs. The Chairman of the Board of Directors will report to the Board of Directors annually, and the Board of Directors will supervise the effectiveness of the implementation. Starting from the second quarter of 2022, the Sustainable Development Committee of the Company reports to the Board of Directors quarterly on the progress of the greenhouse gas inventory for sustainable development.</p> <p>2. For actual and potential climate-related impacts, please refer to the table of short-, medium- and long-term climate risks and opportunities in the "Climate Change Governance" of the Company's 2023 Sustainability Report.</p> <p>3. The Climate Change Responses Act will impose a carbon fee on high-carbon emission industries starting from 2024, and the Company's cement industry is a high-carbon emission industry. If a carbon fee of NT\$300 per metric ton is imposed, it is estimated that the financial cost will increase by NT\$150,000 thousand, and the risk of greenhouse gas emissions will have a significant impact on the Company's finance.</p> <p>4. For the risk identification, assessment and management of the Company's climate-related risk management process, the Sustainable Development Committee has completed the collection of background information on climate and environment, and conducted the assessment of climate risks and operating scope of the Company.</p> <p>5. The Company discussed 2°C scenario in the meeting of the Sustainability Committee and simultaneously used the tools provided by the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) as a reference for the assessment of the physical risk scenarios of climate change, and finally chose to adopt the scenario of 2°C / PCP8.5 high level of greenhouse gas emissions as the possible operational changes and financial impacts on the Company caused by the change in the climate risks.</p> <p>6. The Company has proposed the energy saving target of 5% reduction in electricity consumption within 5 years starting from 2020, and as of the end of 2022, the reduction had been 9.1%, which was in line with the target. In respect of greenhouse gas, it has been proposed</p>

<p>7. If internal carbon pricing is used as a planning tool, describe the basis for pricing.</p> <p>8. If climate-related targets are set, describe the information on the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the annual progress of achievement. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, describe the sources and quantities of carbon reduction credits used for the offsets or the number of RECs.</p> <p>9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans</p>	<p>to use 2022 as the base year, and to reduce the greenhouse gas emissions by 50% by 2030.</p> <p>7. The Company has not yet used internal carbon pricing as a tool and will do so in the future as appropriate.</p> <p>8. In 2023, the Company completed the 2022 greenhouse gas inventory of the parent company (Taipei Head Office, Yilan Nanshenghu Plant, and Mount Taibai Mining Site) and completed ISO 14064-1:2018 and Ministry of the Environment verification by a third-party verification company, SGS. It is planned to introduce a greenhouse gas inventory system for consolidated subsidiaries in 2025 and complete the verification in 2027.</p> <p>9. For details, please refer to "1-1 Information on greenhouse gas inventory and assurance" and "1-2 Greenhouse gas reduction targets, strategies and specific action plans".</p>
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## 1-1 Information on greenhouse gas inventory and assurance for the most recent 2 years

### 1-1-1 Information on greenhouse gas inventory

Describe the greenhouse gas emissions (metric tons of CO<sub>2</sub>e), intensity (metric tons of CO<sub>2</sub>e per million \$), and the scope of the data for the most recent 2 years.

- I. The parent company's inventory boundaries include the Taipei Head Office, Nanshenghu Plant, and Mount Taibai Mining Site, and the inventory data for the most recent two years are as follows:
- (1) Direct emissions (Scope I): Total emissions of 479,891.48 (metric tons of CO<sub>2</sub>e) and intensity of 270.81 (metric tons of CO<sub>2</sub>e/million) in 2022; total emissions of 552,612.98 (metric tons of CO<sub>2</sub>e) and intensity of 243.01 (metric tons of CO<sub>2</sub>e/million) in 2023.
  - (2) Indirect energy emissions (Scope II): Total emissions of 37,922.41 (metric tons of CO<sub>2</sub>e) and intensity of 21.40 (metric tons of CO<sub>2</sub>e/million) in 2022; total emissions of 57,742.96 (metric tons of CO<sub>2</sub>e) and intensity of 25.39 (metric tons of CO<sub>2</sub>e/million) in 2023.
  - (3) Other indirect emissions (Scope III): Total emissions of 13,837.24 (metric tons of CO<sub>2</sub>e) and intensity of 7.80 (metric tons of CO<sub>2</sub>e/million) in 2022; total emissions of \*\*\*\* (metric tons of CO<sub>2</sub>e) and intensity of \*\*\* (metric tons of CO<sub>2</sub>e/million) in 2023.

Note: The Company conducted the greenhouse gas inventory in accordance with the ISO 14064-1:2018 published by the International Organization for Standardization (ISO).

Note 2: The intensity of the Company's greenhouse gas inventory is calculated based on "Sales" in the consolidated financial statements.

Note 3: Scope III of the Company only includes upstream electricity and fuel emissions after significance assessment and screening.

### 1-1-2 Information on greenhouse gas assurance

Describe the status of the assurance for the most recent 2 year and the current year up to the publication date of the annual report, including the scope of the assurance, the agency, criteria and opinion for the assurance.

- I. The parent company's inventory boundaries include the Taipei Head Office, Nanshenghu Plant, and Mount Taibai Mining Site, and the status of assurance for the most recent two years is as follows:
- (1) In 2022, direct emissions (Scope I), indirect energy emissions (Scope II), and other indirect emissions (Scope III) were verified by a third-party verification agency, SGS Taiwan, in accordance with the ISO 14064-1:2018 with direct emissions (Scope I) of 479,891.48 (metric tons of CO<sub>2</sub>e), and indirect energy emissions (Scope II) of 37,922.41 (metric tons of CO<sub>2</sub>e), both of which achieved the reasonable level of assurance. Other indirect emissions (Scope III) of 13,837.24 (metric tons of CO<sub>2</sub>e) achieved a limited level of assurance. Please refer to page 66 of the Company's 2022 Sustainability Report for the certificate of verification.
  - (2) The 2023 inventory data is currently being verified and certified by SGS, a third-party verification agency, and the related details can be found in the Company's Sustainability Report expected to be issued in June 2024.

Note: "SGS Taiwan" is in compliance with the regulations on the assurance for sustainability reports promulgated by Taiwan Stock Exchange and Taipei Exchange.

## 1-2 Greenhouse gas reduction targets, strategies and specific action plans

Describe the base year of greenhouse gas reduction and its data, reduction targets, strategies and specific action plans, and the achievement of reduction targets.

1. The scope boundary of the Company's parent company has 2022 as the base year, with direct emissions (Scope I) of 479,891.48 (metric tons of CO<sub>2</sub>e) and indirect energy emissions (Scope II) of 37,922.41 (metric tons of CO<sub>2</sub>e).
2. The Company has set a relative target of 10% reduction every two years using the base year as the benchmark, with the goal of reducing greenhouse gas emissions by 50% in 2030 compared to 2022. In addition to upgrading and improving process equipment to enhance production efficiency, the Company is currently using "alternative raw materials" (air-cooled furnace rock, calcium fluoride, incineration washing fly ash, Incineration of recycled pellets , coal-fired fly ash) in the production process, replacing calcium carbonate with calcium oxide to reduce the amount of limestone; while "alternative fuels" are currently under study for trial use; and "alternative clinker" is being used to reduce the clinker amount per unit of cement to reduce carbon emissions from the production process.
3. Carbon reduction was about 18,000 tons of CO<sub>2</sub> in 2023, about 3% for the whole year and in line with the target.

(VII) The Company's implementation of ethical management and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
I. Formulate ethical corporate management policy and plan				
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	✓		(I) The "Ethical Corporate Management Principles", "Code of Ethical Conduct" and "Code of Conduct for Employees" have been formulated and then approved by the Board of Directors and all members of the Company conduct business in accordance with the principles, rules and guidelines. In addition, all suppliers are required to sign a letter of commitment to comply with the Company's ethical policy in all dealings. For information on ethical management, please refer to "Contact HSING TA"/ "Whistleblowing System" on the Company's website.	None
(II) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) The Company conducts risk assessment for each operation every year and has implemented the internal control systems; conducts education and audits on higher-risk operations; has established and implemented the "Ethical Corporate Management Principles"; as well as set out plans for preventing unethical conduct clearly in various regulations.	None
(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?	✓		(III) The Company has regularly offered education, training, and guidance, and included the prevention and handling of dishonest conducts in the Company's relevant regulations, and has actually implemented and reviewed them in a timely manner. Among them, the "Procedures for Reporting Dishonesty and Misconduct" has been established, and platforms and information communication channels for reporting misconduct have been set up on the Company's website and with a mailbox, and relevant information has been announced by email and bulletin boards.	None
II. The implementation of ethical corporate management				
(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	✓		(I) When selecting a partner, the Company avoids dealing with those with an unethical record. The Company also obtains a letter of commitment from suppliers or stipulates the ethical management clauses in the contract to ensure that the Company's ethics and integrity standards and fair trading practice serve as the basis for all dealings. In the event that a supplier violates the terms of the commitment, the Company may immediately terminate or cancel contracts signed and impose a fine as agreed.	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?	✓		(II) The Company has an ethical corporate management team and the Administration department is the executive unit to promote ethical corporate management, and the Board of Directors and the management regularly promote and continuously supervise the implementation. It reported to the Board of directors on the implementation of the Company's ethical management for 2023 on 2024.03.13.	None
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	✓		(III) The Company has established the "Ethical Corporate Management Principles", "Code of Ethical Conduct" and "Code of Conduct for Employees," which clearly stipulate that directors, managers, or employees must not sacrifice the rights and interests of the Company for their personal interests, and if anyone finds a violation, he or she may report or file a complaint in accordance with the procedures for reporting dishonesty and misconduct.	None
(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	✓		(IV) The Company has established adequate and effective accounting systems and internal control systems and implemented them actively. Each executive unit performs self-assessment of internal control regularly every year. The Audit Department evaluates the Company's risks every year, draws up an internal audit plan as per the results of the risk assessment, and performs audit accordingly. The Company did not have material non-compliance with the internal control system and violation of regulations.	None
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	✓		(V) The Company's corporate governance rules and regulations are centered on the core concept of ethical management. To implement ethical management, the Company increases employees' awareness of the importance of ethical corporate management at important meetings occasionally and dispatches personnel to participate in external ethical corporate management seminars and training. The Company also organized internal and external education and training on ethical corporate management issues in 2023 (including ethical corporate management, compliance, safety and health management, accounting systems, and internal control) with 3,600 hours and 669 participants.	None
III. The operation of the Company's whistleblower reporting system				
(I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	✓		(I) The "Procedures for Reporting Dishonesty and Misconduct" have been established, which include reporting and reward systems, and dedicated personnel have been assigned to handle related matters. For procedures and reporting websites, please visit: <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a> .	None
(II) Has the Company formulated standard operating procedures for the investigation of the reported	✓		(II) The operating procedures for "receiving whistleblowing and investigations" have been established, and there are dedicated personnel responsible for taking relevant measures, handling data confidentiality processing, and	None

Evaluation Items	The State of Operations			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary Description	
matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms? (III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	✓		getting confidentiality declarations.  (III) In the whistleblowing process, the Company has promised to protect whistleblowers from being improperly handled as a result.	None
IV. Enhance Information Disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	✓		Company website: <a href="http://www.hsingta.com.tw">http://www.hsingta.com.tw</a> . In 2023, the Company did not have any incidents that violated ethical corporate management.	None
V. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation: No material difference as the Group adheres to the principles of ethical corporate management.				
VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.): Evaluate and review the implementation from time to time.				

(VIII) If the Company has formulated the “Corporate Governance Practice Principles” and related rules, it shall disclose its inquiry methods:

“Corporate Governance Practice Principles” and other operating procedures have been established. For related contents, please refer to the website: <http://www.hsingta.com.tw>→About HSING TA→Major Regulations.

(IX) Other important information that is helpful to understand the Company's implementation of corporate governance:

1. Continuing education of directors

Title	Name	Education Date		Organizer	Course Name	Education Hour	Note
		From	To				
Independent director	Zheng-Ting Chen	2023/01/17	2023/01/17	CPA Associations of the R.O.C.	Mergers and Acquisitions and Due Diligence	3	
		2023/03/21	2023/03/21	CPA Associations of the R.O.C.	Directors' Fiduciary Duties and Liability for Misrepresentation of Financial Statements	3	
		2023/03/21	2023/03/21	CPA Associations of the R.O.C.	Supervision and Practice of Money Laundering Prevention for CPAs	3	
Independent director	Rui-Tai Wu	2023/11/24	2023/11/24	Taipei Foundation of Finance	Principle for Financial Service Industries to Treat Clients Fairly	3	
		2023/12/11	2023/12/11	Taipei Foundation of Finance	Measuring and Managing the Impact of Sustainability Goals	2	
		2023/12/22	2023/12/22	Taipei Foundation of Finance	Regulations for Friendly Financial Services	2	
Independent director	Zheng-Tong Shi	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change	6	

2. Education and training of managerial officers on corporate governance

Title	Name	Education Date		Organizer	Course Name	Education Hour	Note
		From	To				
General manager	Da-Kuan Yang	2023/03/24	2023/03/24	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Seminar for Corporate Directors and Supervisors - Matters to Note and Frequently Asked Questions for Board of Directors' and Shareholders' Meetings in 2023	3	
		2023/04/13	2023/04/13	Taiwan Academy of Banking and Finance	Corporate Governance Seminar Case Study on Criminal Liability of Directors and Supervisors	3	
		2023/06/12	2023/06/12	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Situation Room of Generative AI - Getting a Head Start on Business Opportunities	3	
		2023/10/20	2023/10/20	Securities and Futures Institute	Insider Trading Prevention Seminar 2023	3	
Manager, Audit Department	Yi-Sheng Zhang	2023/11/14	2023/11/14	The Institute of Internal Auditors	How to Prevent Material Financial Fraud	6	
		2023/11/16	2023/11/16	Taiwan Industrial Sustainable Development Association	Carbon Credits, Green Electricity and Net Zero Emissions	1	
		2023/11/21	2023/11/21	Securities and Futures Institute	What Auditors Should Know About Corporate Fraud Practices	6	
		2023/11/30	2023/11/30	Internal education and training	Greenhouse Gas Inventory and Carbon Footprint Construction in 2023	3	
Manager, Financial and Accounting Department	Su-Chiu Tsai	2023/05/17	2023/05/17	Accounting and Research Development Foundation	How to Effectively Play the Role of Corporate Governance Officer and Discussion on the Legal Liability of Managerial Officers	3	
		2023/06/14	2023/06/14	Accounting and Research Development Foundation	Performance Evaluation Practices Related to "ESG Sustainability" and Risk Management in Enterprises	3	
		2023/07/12	2023/07/12	Accounting and Research Development Foundation	Case Study on the Procedures of Corporate Tax Administrative Relief and Legal Liability	3	
		2023/07/13	2023/07/13	FSC, TWSE	Seminar on "Sustainable Development Action Plans for TWSE and TPEX Listed Companies"	3	
		2023/08/16	2023/08/16	Accounting and Research Development Foundation	Case Study on Legal Liability in Contests over "Corporate Management Rights"	3	
		2023/09/04	2023/09/04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	3	
		2023/10/12	2023/10/12	Digital Governance Association	Explanation of IFRS Sustainability Disclosure Standard S1/S2 and the Development Trend in Sustainability Report in Taiwan	3	
		2023/10/18	2023/10/18	Accounting and Research Development Foundation	Case Study on the Legal Liability of Whistleblowers in Economic Crimes and Financial Reporting Malpractices.	3	
		2023/11/16	2023/11/16	Taiwan Industrial Sustainable Development Association	Carbon Credits, Green Electricity and Net Zero Emissions	1	
		2023/11/30	2023/11/30	Internal education and training	Greenhouse Gas Inventory and Carbon Footprint Construction in 2023	3	

3. Education and training of personnel related to company financial information transparency

Department	Education Date		Course Name	Education Hour	Number of trainees
	From	To			
Audit department	2023/10/31	2023/10/31	Integration of Practices from Labor Law Compliance to ESG Corporate Governance	6	1
	2023/11/14	2023/11/14	How to Prevent Material Financial Fraud Cases	6	1
	2023/11/21	2023/11/21	What Auditors Should Know About Corporate Fraud Practices	6	1
	2023/12/11	2023/12/11	Points to Note and Case Study on "Shareholders' Meeting" and "Company Act"	6	1
Finance and accounting department	2023/01/18	2023/01/18	Analysis of Corporate Financial Statement Issues and Corporate Diagnostic Practices	4	1
	2023/02/15	2023/02/15	Trends in Information Disclosures of "IFRS Financial Statements" and "ESG Sustainability"	3	4
	2023/02/15	2023/02/15	Analysis of the Latest Securities and Financial Tax Laws and Professional Standards	1	3
	2023/03/15	2023/03/15			
	2023/04/19	2023/04/19			
	2023/05/17	2023/05/17			
	2023/06/14	2023/06/14			
	2023/07/12	2023/07/12			
	2023/08/16	2023/08/16			
	2023/09/13	2023/09/13			
	2023/10/18	2023/10/18			
	2023/11/15	2023/11/15			
	2023/12/13	2023/12/13			
	2023/03/15	2023/03/15	Practice of Self-preparation of Financial Statements: Investments in Other Enterprises Accounted for Using the Equity Method	3	4
	2023/03/16	2023/03/16	Explanation of Contracts and Terms Related to Merger and Acquisition Transactions	3	1
	2023/04/19	2023/04/19	The Most Recent Year's Profit-seeking Enterprise Income Tax Return Filing Practice Seminar	3	3
	2023/05/16	2023/05/16	A Comprehensive Look at Outward Remittance of Funds from Mainland China	3	2
	2023/07/12	2023/07/12	Case Study on the Procedures of Corporate Tax Administrative Relief and Legal Liability	3	1
	2023/09/13	2023/09/13	Prevention and Settlement of Withholding Disputes Arising from "Cross-Border Transactions"	3	4
	2023/10/18	2023/10/18	Case Study on the Legal Liability of Whistleblowers in Economic Crimes and Financial Reporting Malpractices.	3	1
2023/10/25	2023/10/25	Seminar on Intangible Asset Valuation in 2023	5.5	1	
2023/10/27	2023/10/27	2023 Training for Employees of Futures Market Institutions	6	2	
2023/11/15	2023/11/15	Case Study on IFRS Standards and Financial Treatment Practices Related to "Organizational Restructuring"	3	1	
2023/12/12	2023/12/12	Seminar on Promoting the Adoption of International Financial Reporting Standards in Taiwan 2023	3.5	2	
2023/12/12	2023/12/12	2023 Promotion of the Adoption of International Financial Reporting Standards in Taiwan	3	1	
2023/12/13	2023/12/13	Mindset and Practices of Tax Strategies for Corporate Investments	3	2	

(X) Implementation of internal control systems

1. Statement of internal control

HSING TA CEMENT CO., LTD.  
Statement on internal control system

Date: March 13, 2024

The Company states the following for its 2023 internal control system based on the results of self-evaluation:

- I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of internal control system adopted in the "Regulations" are based on the process of managerial control and divide internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforementioned criteria of internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system were effective as of December 31, 2023 (including the supervision and management of subsidiaries), with an understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Company's Board of Directors on March 13, 2024. Of the nine directors present, none of them expressed objections, and the rest all agreed with the content of this statement and declare here.

HSING TA CEMENT CO., LTD

Chairman: Zhi-Xiong Yang



General manager: Da-Kuan Yang



2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: Not applicable.

(XI) During the most recent year or during the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the results of such punishments may have a material effect on shareholder equity or securities price, the contents of the punishments, major deficiencies and improvements should be listed: None.

(XII) Important resolutions of the shareholder meeting and board meeting during the most recent year or during the current year up to the date of publication of the annual report:

Date	Board meeting/ shareholder meeting	Important resolution	Matters listed in Article 14-3 of the Securities and Exchange Act.
2023.03.14	Board meeting (9th meeting of 20th term)	<ol style="list-style-type: none"> <li>The Company's 2022 business report.</li> <li>The Company's 2022 parent company only and consolidated financial statements.</li> <li>The Company's 2022 earnings distribution proposal.</li> <li>Discussion on the conclusions made at the 3rd and 4th meetings of the 5th Remuneration Committee of the Company.</li> <li>Distribution of the 2022 profit-sharing remuneration for employees and profit-sharing remuneration for directors</li> <li>Proposal for the pre-approval of non-assurance services provided to the Company and subsidiaries by the attesting CPA firm and its affiliates</li> <li>The appointment, professional fees and evaluation of independence of the attesting CPAs of the Company for 2023.</li> <li>Amendments to certain provisions of the Company's "Regulations Governing Internal Control Systems".</li> <li>The Company's "Statement on Internal Control System" for 2022.</li> <li>Amendments to certain provisions of the Company's "Articles of Incorporation".</li> <li>Amendments to the Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors".</li> <li>Amendments to the Company's "Corporate Governance Best Practice Principles".</li> <li>The proposed time, location and agenda of the 2023 regular shareholders' meeting.</li> </ol>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
2023.05.12	Board meeting (10th meeting of 20th term)	<ol style="list-style-type: none"> <li>The Company's financial statements for 1Q2023.</li> <li>Promotions of Mr. Ko-Chien Yeh of the Business Department and Mr. Huan-Kai Pai of the Administration Department to the positions of managerial officers.</li> </ol>	<p>✓</p>
2023.08.10	Board meeting (11th meeting of 20th term)	<ol style="list-style-type: none"> <li>The Company's financial statements for 2Q2023.</li> <li>Extension of the credit lines with E.SUN COMMERCIAL BANK, Shanghai Commercial &amp; Savings Bank, Taiwan Cooperative Bank, and CTBC Bank Co., Ltd.</li> <li>Appointment of a member of the 5th Remuneration Committee of the Company as replacement</li> <li>Establishment of the Company's "Risk Management Policies and Procedures".</li> <li>Appointments of the Chief Information Security Officer and information security personnel.</li> <li>Discussion on the continuity of existence of the subsidiary, Xin Ni Development Co., Ltd.</li> </ol>	<p>✓</p>
2023.06.20	Regular shareholders' meeting	<ol style="list-style-type: none"> <li>Adoption of the Company's 2022 annual accounting final reports.</li> <li>Adoption of the Company's 2022 earnings distribution proposal.</li> <li>Approval of the amendments to certain provisions of the Company's "Articles of Incorporation".</li> </ol>	<p>✓</p> <p>✓</p>
		<table border="1"> <tr> <td>Review of impleme ntation status</td> <td> <ol style="list-style-type: none"> <li>The important resolutions of the shareholder meeting have been addressed, and the execution was considered appropriate.</li> <li>With respect to the Company's 2022 earnings distribution, the cash dividend per share was NT\$0.8, with July 17, 2023 set as the base date for the dividend distribution, and was paid out on August 14, 2023. The execution was considered appropriate.</li> <li>On June 20, 2023, the announcement was posted on the Company's website under "Corporate Governance" - "Regulations and Systems" - "Articles of Incorporation".</li> </ol> </td> </tr> </table>	Review of impleme ntation status
Review of impleme ntation status	<ol style="list-style-type: none"> <li>The important resolutions of the shareholder meeting have been addressed, and the execution was considered appropriate.</li> <li>With respect to the Company's 2022 earnings distribution, the cash dividend per share was NT\$0.8, with July 17, 2023 set as the base date for the dividend distribution, and was paid out on August 14, 2023. The execution was considered appropriate.</li> <li>On June 20, 2023, the announcement was posted on the Company's website under "Corporate Governance" - "Regulations and Systems" - "Articles of Incorporation".</li> </ol>		

Date	Board meeting/ shareholder meeting	Important resolution	Matters listed in Article 14-3 of the Securities and Exchange Act.
2023.11.09	Board meeting (12th meeting of 20th term)	<ol style="list-style-type: none"> <li>1. The Company's financial statements for 3Q2023.</li> <li>2. Total budget of the Company for 2024</li> <li>3. The Group's 2024 business plan</li> <li>4. The Company's 2024 internal audit plan.</li> <li>5. Amendments to the Company's "List of Internal Audit Implementation Rules" on business cycle and additions to "List of Internal Audit Implementation Rules" for "Preparation and Validation of Sustainability Report", "Risk Management Policies and Procedures", and "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors".</li> <li>6. Review of the remuneration to the Chairman and managerial officers of the Company and the bonuses to employees.</li> <li>7. Amendments to the Company's Accounting System</li> </ol>	√
2024.03.13	Board meeting (13th meeting of 20th term)	<ol style="list-style-type: none"> <li>1. The Group's 2023 business report.</li> <li>2. The Company's 2023 parent company only and consolidated financial statements.</li> <li>3. The Company's 2023 earnings distribution proposal.</li> <li>4. Discussion on the conclusions of the 6th meeting of the 5th Remuneration Committee of the Company.</li> <li>5. Distribution of the 2023 profit-sharing remuneration for employees and profit-sharing remuneration for directors</li> <li>6. Appointment, professional fees and independence evaluation of the attesting CPAs from PwC Taiwan for 2024</li> <li>7. The Company's "Statement on Internal Control System" for 2023.</li> <li>8. Amendments to the Company's "Audit Committee Charter"</li> <li>9. Amendments to the Company's "Rules of Procedure for Board of Directors Meetings".</li> <li>10. Re-election of directors of the Company and the period and the place for accepting nominations of candidates for directors (including independent directors).</li> <li>11. Removal of the non-compete restrictions on the Company's newly elected directors and their representatives.</li> <li>12. The proposed time, location and agenda of the 2024 regular shareholders' meeting.</li> </ol>	
2024.05.08	Board meeting (14th meeting of 20th term)	<ol style="list-style-type: none"> <li>1. The Company's financial statements for 1Q2024.</li> <li>2. Resolution on the list of the nominated candidates for directors (including independent directors).</li> <li>3. Removal of the non-compete restrictions on the Company's newly elected directors and their representatives.</li> <li>4. Adjustments to the order of the agenda for the 2024 regular shareholders' meeting.</li> <li>5. Extension of the credit lines with E.SUN COMMERCIAL BANK, Shanghai Commercial &amp; Savings Bank, Taiwan Cooperative Bank, and CTBC Bank Co., Ltd.</li> </ol>	

(XIII) During the most recent year or during the current year up to the date of publication of the annual report, if board directors or independent directors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions:

(XIV) For the most recent year or the current year up to the date of publication of the annual report, summary of the resignation and dismissal of the Company's Chairman, general managers, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: None.

## V. Information on CPA professional fees

The amount of professional fees paid to the CPAs, the accounting firm, and its affiliated enterprises.

Unit: Thousand NT\$

CPA firm	CPA name	Audit period	Audit fees	Non-audit fees	Total	Note
CPA firm: Pricewaterhouse Coopers Taiwan	Xiu-Ling Li	2023/1/1~12/31	NT\$3,380 thousand	NT\$740 thousand (see Note)	NT\$4,120 thousand	<ol style="list-style-type: none"> <li>1. NT\$30 thousand for IXBRL financial statements filing.</li> <li>2. NT\$20 thousand for review of non-managerial personnel's high salary.</li> <li>3. NT\$10 thousand for typing and photocopying of financial statements.</li> <li>4. NT\$120 thousand for English financial statements.</li> <li>5. NT\$560 thousand for tax compliance audit.</li> </ol>
	Ming- Chuan Xu					

## VI. Information on the replacement of CPA: Not applicable.

## VII. The evaluation of the independence of CPAs

- (I) In addition to regularly requiring CPAs to provide a statement of independence, we plan to assess their independence and suitability once per year on our own. We conducted an assessment in accordance with the Corporate Governance Best Practice Principles and with reference to the 13 indicators in the five aspects of the AQIs (adopted starting from 2023) (Note 1) and submitted the evaluation results to the Audit Committee and the Board of Directors for deliberation. Except for the appointment of PwC Taiwan to provide financial statement and tax compliance audit services, the Group did not appoint it, is involved in any financial benefits with it, or work with it for business. Based on the most recent year's assessment results approved by the Audit Committee and the Board of Directors on March 13, 2024, Xiu-Ling Li and Ming-Chuan Xu, CPAs at PwC Taiwan, both meet the Company's independence and suitability criteria and are qualified to serve as the Company's CPAs.

2023 annual evaluation of the independence of attesting CPAs:

Evaluation unit: Finance and accounting department

The evaluation of the independence between HSING TA CEMENT CO.,LTD and its subsidiaries (hereinafter referred to as the Group) and CPAs Xiu-Ling Li and Ming-Chuan Xu of PricewaterhouseCoopers Taiwan (hereinafter referred to as PwC) are as follows:

Item	Yes	No
Whether there is any direct or material indirect financial interest between the Group and PwC.		V
Whether the Group has significant close business relationships with PwC.		V
Whether the Group has an employment relationship with PwC.		V
Whether the Group and PwC agreed on contingent professional fees related to audit cases.		V
Whether anyone from PwC currently or within the most recent two years has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases.		V
Does PwC represent the Group in defense of legal cases or other disputes with third parties?		V
Whether the members of the PwC audit team are related to the directors, supervisors, managerial officers or persons who have significant influence on the audit cases of the Group.		V
Whether the Group has obtained the statement on independence issued by PwC.	V	

(Note 1) 2024 Audit Quality Indicators (AQIs)Assessment Results:

In the [professionalism] aspect, the 2023 CPAs and their firm have sufficient auditing experience and training hours and its turnover rate and professional support personnel as a percentage of all its personnel are consistent with to the average level of the industry. As for the [quality control] aspect, although the CPAs' workload is higher than the industry average, but the auditing hours are up to standard, and the audit quality control hours are higher than the industry average. The firm has adequate personnel support for quality control, without causing an impact on the quality of the Company's financial report audit. Regarding the [independence], [supervision], and [innovation ability], the firm also met the indicator standards.

(II) The same CPA has not performed attestation services continuously for more than five years.

(III) Through the CPA competency questionnaire every year, the results of the evaluation of the independence of CPAs are compiled every year.

**VIII. Anyone among the Company's Chairman, general managers, or any managerial officers in charge of finance or accounting affairs who have in the most recent year held a position at the counting firm of the CPAs or an affiliate of the accounting firm: None.**

**IX. Any equity transfer or change in equity pledge by a director, supervisor, managerial officer, or shareholder with 10% stake or more during the most recent year or during the current year up to the date of publication of the annual report.**

Title	Name	2023		The current year up to April 21	
		Change in shares held	Change in shares pledged	Change in shares held	Change in shares pledged
Chairman and shareholders with 10% stake or more	Zhi-Xiong Yang	0	0	0	0
Director and shareholders with 10% stake or more	Zhong-Xiong Yang	0	0	0	0
Director and shareholders with 10% stake or more	Ren-Xiong Yang	0	0	0	0
Director	Da-Qin Yang	0	0	0	0
Director	Hua-Ling Lin	0	0	(136,000)	
Director	Representative, Debo Investment Co., Ltd.: Bo-Wei Yang	0	0	0	0
Independent director	Zheng-Ting Chen	0	0	0	0
Independent director	Rui-Tai Wu	0	0	0	0
Independent director	Zheng-Tong Shi	0	0	0	0
General manager	Da-Kuan Yang	0	0	0	0
Deputy general manager	Bao-Lin Zhang	0	0	0	0
Senior Manager	Qingshou Zhang	0	0	0	0
Manager, Business Department	Ko-Chien Yeh	0	0	0	0
Manager, Administration department	Huan-Kai Pai	0	0	0	0
Manager, Finance and accounting department	Su-Chiu Tsai	0	0	0	0
Manager, Audit department	Yi-Sheng Zhang	0	0	0	0
Nanshenghu Plant Manager	Lian-Huo Lin	0	0	0	0

**X. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another**

Information on the relationship among the top 10 shareholders

April 21, 2024

Unit: shares

Name	Shareholding by the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another under Statements of Financial Accounting Standards. No. 6.		Note
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relation	
Zhong-Xiong Yang	41,528,048	12.17%	2,779	0%	0	0%	Ren-Xiong Yang Zhi-Xiong Yang Mei-Hong Hu Xue-Hua Lin Shu-E Yang-Chen	Relative within 2nd degree of kinship	-
Ren-Xiong Yang	36,108,783	10.58%	1,153	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Mei-Hong Hu Xue-Hua Lin Shu-E Yang-Chen	Relative within 2nd degree of kinship	-
Zhi-Xiong Yang	34,905,166	10.23%	14,527	0%	0	0%	Zhong-Xiong Yang Ren-Xiong Yang Mei-Hong Hu Xue-Hua Lin Shu-E Yang-Chen	Relative within 2nd degree of kinship	-
Mei-Hong Hu	20,668,448	6.06%	0	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang Xue-Hua Lin Shu-E Yang-Chen Da-Qin Yang Da-Qing Yang	Relative within 2nd degree of kinship	-
Debo Investment Co., Ltd. Person in charge: Bo-Min Yang	15,387,055	4.51%	0	0%	0	0%	None	None	-
	717	0%	0	0%	0	0%	Xue-Hua Lin	Relative within 1st degree of kinship	-
Shu-E Yang-Chen	10,872,966	3.19%	0	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang Mei-Hong Hu Xue-Hua Lin Da-Kuan Yang	Relative within 2nd degree of kinship	-
Xue-Hua Lin	9,521,468	2.79%	0	0%	0	0%	Zhong-Xiong Yang Zhi-Xiong Yang Ren-Xiong Yang Mei-Hong Hu Shu-E Yang-Chen	Relative within 2nd degree of kinship	-
Da-Kuan Yang	8,915,431	2.61%	87,996	0.03%	0	0%	Shu-E Yang-Chen	Relative within 1st degree of kinship	-
Da-Qing Yang	8,204,669	2.40%	0	0%	0	0%	Mei-Hong Hu Da-Qin Yang	Relative within 2nd degree of kinship	-
Da-Qin Yang	8,145,934	2.39%	0	0%	0	0%	Mei-Hong Hu Da-Qing Yang	Relative within 2nd degree of kinship	-

**XI. The total number of shares and the consolidated equity stake percentage held in any single invested enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company**

December 31, 2023

Unit: shares; %

Reinvested enterprises	Investment by the Company		Directors, supervisors, managerial officers, and investments controlled either directly or indirectly		Total investment	
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %
HSIN I READY MIXED CONCRETE CO., LTD.	6,072,000	55.20	4,111,708	37.38	10,183,708	92.58
Xin Ni Development Co., Ltd.	5,880,000	98.00	67,333	1.12	5,947,333	99.12
Soaring Power Corporation	46,586,667	66.67	-	-	46,586,667	66.67
TAIWAN OOPARTS CO., LTD	538,072	18.68	1,728,125	60.00	2,266,197	78.69
CHYN DA Construction Co., Ltd.	5,200,000	19.90	4,970,600	19.03	10,170,600	38.93
TAIAN INSURANCE CO.,LTD.	365,173	0.12	-	-	365,173	0.12
Pershing Technology Services Corporation	2,782,455	8.45	-	-	2,782,455	8.45
FUJITEC TAIWAN CO.,LTD.	70,000	2.33	-	-	70,000	2.33
DA CHIANG INTERNATIONAL CO., LTD.	3,448,276	1.72	-	-	3,448,276	1.72
POWER DIGITAL CARD CO., LTD.	796,665	1.70	1,597,793	3.40	2,394,458	5.09
AMCOM COMMUNICATIONS, INC.	708,800	7.43	901,612	9.45	1,610,412	16.88

## Four. Capital Raising

### I. Capital and shares

#### (I) Source of capital

April 21, 2024

Unit: Shares; NT\$

Year Month	Issue price	Authorized capital		Paid-in capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of capital	Using property other than cash as payment of shares	Others
2017	10	540,000,000	5,400,000,000	359,955,650	3,599,556,500	-	-	5% cash capital reduction
2018	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	5% cash capital reduction
2019	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2020	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2021	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2022	10	540,000,000	5,400,000,000	341,957,868	3,419,578,680	-	-	-
2023	10	540,000,000	5,400,000,000	341,158,868	3,411,588,680	-	-	Retirement of 799,000 treasury shares
2024	10	540,000,000	5,400,000,000	341,158,868	3,411,588,680	-	-	-

April 21, 2024

Share type	Authorized capital				Note
	Outstanding shares	Treasury shares	Unissued shares	Total	
Common shares	341,158,868	0	198,042,132	540,000,000	Listed shares

#### (II) Shareholder structure

Unit: person; shares

Quantity	Government agency	Financial institution	Other juristic person	Individual	Foreign institution and individual	Treasury shares	Total
Number of persons	0	1	46	11,111	77	0	11,235
Shareholding	0	4,000	27,387,026	302,150,571	11,617,271	0	341,158,868
Shareholding %	0.00%	0.00%	8.03%	88.56%	3.41%	0%	100.00%

## (III) Equity dispersion profile

April 21, 2024

Unit: person; shares

Shareholding range	Number of shareholders	Shareholding	Shareholding %
1 to 999	3,405	728,307	0.21%
1,000 to 5,000	5,640	12,093,722	3.54%
5,001 to 10,000	990	8,067,049	2.36%
10,001 to 15,000	323	4,201,489	1.23%
15,001 to 20,000	225	4,210,020	1.23%
20,001 to 30,000	176	4,589,761	1.35%
30,001 to 40,000	86	3,107,077	0.91%
40,001 to 50,000	81	3,754,246	1.10%
50,001 to 100,000	152	10,810,702	3.17%
100,001 to 200,000	48	6,911,076	2.03%
200,001 to 400,000	39	10,780,415	3.16%
400,001 to 600,000	20	9,753,672	2.86%
600,001 to 800,000	12	8,415,021	2.47%
800,001 to 1,000,000	8	7,146,694	2.09%
More than 1,000,001	30	246,589,617	72.29%
Total	11,235	341,158,868	100.00%

## (IV) List of major shareholders

Name of major shareholder	Shares	Shareholding	Shareholding %
Zhong-Xiong Yang		41,528,048	12.17%
Ren-Xiong Yang		36,108,783	10.58%
Zhi-Xiong Yang		34,905,166	10.23%
Mei-Hong Hu		20,668,448	6.06%
Debo Investment Co., Ltd.		15,387,055	4.51%
Shu-E Yang-Chen		10,872,966	3.19%
Xue-Hua Lin		9,521,468	2.79%
Da-Kuan Yang		8,915,431	2.61%
Da-Qing Yang		8,204,669	2.40%
Da-Qin Yang		8,145,934	2.39%

## (V) Information on market price, net worth, earnings, dividend per share for the most recent two years

Item		Year		The current year up to March 31, 2024 (Note 2)	
		2023	2022		
Market price per share	Highest	18.90	21.85	19.45	
	Lowest	15.50	14.00	17.50	
	Average	17.64	18.44	18.30	
Net worth per share	Before distribution	23.79	22.73	24.31	
	After distribution	(Note 1)	21.93		
Earnings per share	Weighted average number of shares	341,158,868	341,690,805	341,158,868	
	Earnings per share	2.01	1.17	0.35	
Dividend per share	Cash dividend		1.2	0.8	-
	Stock dividend	Stock dividend from		-	-
		Stock dividend from		-	-
	Cumulative unpaid dividend			-	-
Return on investment analysis	Price-to-Earning Ratio (note 4)		8.78	15.76	-
	Price to dividend ratio (note 5)		14.70	23.09	-
	Cash dividend yield (note 6)		0.07	0.04	-

Note 1: The Company's 2023 earnings distribution has been approved by the Board of Directors but has not yet been approved by the shareholders' meeting.

Note 2: The financial information for the quarter before the date of publication of the annual report has been reviewed by CPA.

Note 3: List the highest and lowest market prices of each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 4: Price to earning ratio = average closing price per share for the year/earnings per share.

Note 5: Price to dividend ratio = average closing price per share for the year/cash dividend per share.

Note 6: Cash dividend yield = dividend per share/average closing price per share for the year.

## (VI) Company dividend policy and implementation

## 1. Dividend policy

For the net profits as concluded by the final accounting close, the Company shall provide for tax payables in accordance with law, make up for the accumulated losses, then set aside 10% as legal reserve unless the legal reserve has reached the amount of the Company's paid-in capital. After the appropriated retained earnings are set aside or reversed in accordance with laws and regulations, the remainder together with the accumulated unappropriated retained earnings of the previous year may be treated as distributable retained earnings, and the Board of Directors shall prepare a distribution proposal and submit it to the shareholder meeting for a resolution to distribute dividends to shareholders.

Dividends are paid based on the distributable amount of the current year's earnings, and after retaining the required funds for long-term financial, investment or major capital budget planning, the remainder is distributed as cash dividends in principle. The cash dividends shall be no less than 1/3 of the remaining distributable amount of the current year's earnings.

## 2. Dividend distribution proposed at the shareholder meeting

It was proposed at the shareholder meeting proposed to distribute cash dividends of NT\$1.2 per share on the basis of 341,158,868 shares outstanding.

(VII) The impact of the proposed stock dividend in the shareholder meeting on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration of employees and directors

1. The percentage or scope of remuneration for employees and directors as per the Company's Articles of Incorporation
  - (1) If the Company makes profits, it should make an appropriation based on the profits before tax.  
Employees: 1% ~ 3%.  
Directors' remuneration: No more than 5%.
  - (2) When the Company still has accumulated losses, it should reserve the off-setting amount in advance.
2. The estimation of the remuneration for employees and directors for this period is based on the number of shares distributed to employees as bonus and the accounting treatment when the estimate and the actual distribution amount are different:  
The estimation basis for the current period is based on the profits before tax for the current period, which is estimated based on the percentage range stated in the Company's Article of Incorporation, and recognized as operating costs and operating expenses of the current year. When the estimate and the actual distribution amount are different, the difference is will be adjusted as profit and loss for the following year.
3. The Board of Directors approved the remuneration distribution proposal.
  - (1) Actual distribution of 2023 remuneration to employees and directors  
On March 13, 2024, the Board of Directors approved to distribute the remuneration in cash:
    - Profit-sharing remuneration to employees of NT\$17,829,829
    - Profit-sharing remuneration to directors of NT\$35,659,657
    - The amount of remuneration for employees and directors is the same as the expense recognized in the year without any difference.
    - The proposed amount of stock-based profits sharing for employees and its proportion to the net profits after tax and total profits sharing amount to employees for the period: No stock-based profits sharing for employees was intended for the year, thus not applicable.
  - (2) Actual distribution of 2022 remuneration to employees and directors  
On March 14, 2023, the Board of Directors approved to distribute the remuneration in cash:
    - Profit-sharing remuneration to employees of NT\$12,172,778
    - Profit-sharing remuneration to directors of NT\$24,345,555.
    - The actual payment of remuneration for employees, directors is the same in amount as the expense recognized without any difference.
    - The amount of stock-based profits sharing paid to employees and its proportion to the net profits after tax and total profits sharing amount to employees for the period: No stock-based profits sharing for employees was intended for the year, thus not applicable.

(IX) Buy-back of the Company's shares: None.

**II. Issuance of corporate bonds: None.**

**III. Issuance of corporate bonds: None.**

**IV. Issuance of global depository receipts: None.**

**V. Employee stock option plan and Employee restricted stock: None.**

**VI. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: None.**

**VII. Financing planning and implementation: None.**

## Five. Operation Overview

### I. Business Activities

#### (I) Business Scope

1. Major businesses and their revenue proportions: Currently the Group is mainly engaged in the production and sales of cement and clinker, with a revenue proportion of 65.46%; the second is the production and sales of concrete, with a revenue proportion of 14.29%.
2. The Group's current products: Portland type I cement, type I low-alkali cement, type II low-alkali cement, type II (MH) even heat cement, blended blast furnace slag cement, limestone, concrete, PII52.5, PO42. 5.

#### (II) Industry Overview

1. Current state and development of the industry (macro economic environment and industry trends)

##### (1) Taiwan

Although the government has increased the budget for public work projects this year, the growth of private construction projects has been slowed down due to the increase in the efforts to curb housing prices, so the overall demand for the industry has not shown a significant increase compared to last year, and it is estimated that the total demand for 2024 will be around 12 million tons. In addition to the severe challenge of imported cement dumping, the domestically produced cement will also be subject to the carbon fee (tax) levy based on carbon emissions, which will undoubtedly further aggravate the conditions in the near saturated market. The Taiwan Cement Manufacturers' Association not only filed an anti-dumping complaint against Vietnamese cement clinker in February 2023, but also proposed to impose a border carbon fee (tax) on imported cement this year, to avoid carbon leakage, which is detrimental to the promotion of net-zero in Taiwan, and to minimize the cost inequality between the two sides.

Instead of competing with imported cement in terms of price, the Company will improve its quality and service, and produce limestone low-carbon cement in line with the international trend in carbon reduction, so as to minimize carbon emissions during construction. We maintain a smooth communication channel with our customers, and when problems occur, we dispatch them to the production unit as quickly as possible to solve them, thus elevating the market's trust in the quality of our products. Despite the above unfavorable conditions, we still won key projects such as the Taoyuan MRT to Green Line, the constructions surrounding the Aerotropolis, the MRT Circular Line, and the underground pipelines of Wen Zi Zun, etc. In the future, we will continue to adjust the direction of our business in accordance with market trends in order to achieve stable profitability.

##### Mainland China

Current situation in the industry:

The outlook for the cement industry in Mainland China for 2023 continues to be bearish due to the impact of ongoing real estate adjustments and other factors in the region. In the first quarter, work resumption in the downstream industry was in good progress, and the overall demand was better than that of the same period last year; in the second and third quarters, "the demand was weak in the peak season while was even weaker in the off season", with overall demand softening significantly, and coupled with the fierce competition in the market, the cement price continued to decline; in the fourth quarter, the demand recovered marginally, while the cement price increased slightly. Overall, cement production hit a 13-year low in 2023, and although the central point of coal price shifted downward, the cement price fell at an even deeper rate, and industry profit contracted significantly.

To summarize, the negative implication of real estate is waning, and impetus of

infrastructure is still palpable. It is expected that the demand for cement will decline slightly in 2024, and the rate of decline will continue to slow down. We expect the cement production to be around 2.01 billion tons in 2024, down around 2% year-on-year. According to the CHINA CEMENT BIG DATA RESEARCH INSTITUTE, 27 production lines with a capacity of over 40 million tons of clinker are planned to come into operation in 2024. Given that the pressure on the industry will remain high in 2024, it is expected that the progress of the release of capacity into operation will still be less than expected. Nevertheless, the imbalance between supply and demand during the period of downturn in demand highlights the fact that the problem of overcapacity is still relatively serious. At present, the cement price has reached a relatively low level, with many enterprises operating at a loss and a strong willingness to increase the price. Against the backdrop of basically stable demand, it is unlikely that the cement price will weaken significantly. We judge that the cement price will rebound to a certain extent in 2024, but on account of serious overcapacity, there is limited space for upward movement; coupled with the relatively high average price of cement in 2023, it is expected that the central point of the average cement price for the whole year of 2024 will still shift downward, and from the perspective of quarterly trends, the year-on-year decline will gradually slow down, and the price is possible to turn positive in the second half of the year. Against the backdrop of tighter safety inspection, the difficulty in coal supply may gradually increase. Coupled with the economic recovery and increased consumption, there is an upside risk to the coal price, and the pressure on the production costs of cement enterprises may increase. Overall, the average price of cement is moving downward and costs are increasing, so it is hard to be optimistic about the efficiency of the industry, and it is expected that the efficiency of the cement industry will still be at a relatively low position in 2024.

Industry development:

- I. At the beginning of 2022, the State Council of the People's Republic of China published the "14th Five-Year Digital Economy Development Plan", according to which it is necessary to enhance the digital transformation of key industries across the board. Digitalization has become a major trend in the transformation and development of traditional industries, such as cement.
- II. As China is reaching its "dual carbon targets", China's environmental protection policies will become more stringent in the future. The double pressures of China's carbon tax and emission reduction reform will greatly raise small enterprises' environmental protection costs, and strong enterprises may acquire small enterprises through mergers and acquisitions, and China's cement industry will be further dominated by strong enterprises.
- III. The Ministry of Industry and Information Technology and other eight ministries jointly released the "14th Five-Year Smart Manufacturing Development Plan", once again clarifying the smart manufacturing (cement) development direction and goals. According to this plan, most of the manufacturers above a certain scale should realize digitalization and Networkization, and backbone enterprises in key industries should adopt artificial intelligence (AI) in the initial stage by 2025; all manufacturers above a certain scale should be fully digitalized and achieve Networkization, and backbone enterprises in key industries should adopt AI in the daily operations by 2035.
- IV. "The Carbon Peak Implementation Plan For Building Materials Industry" recently released by China emphasizes the need to strictly control the production capacity of the cement industry. Efficiency, green, circular economy, and low carbon have become the goals and important features of the cement industry's future

development. The industry is facing new challenges in reducing pollutant emissions on the road to green development. How to speed up the green development and low-carbon transition and realize AI-based and high-quality development has become an urgent issue that the cement industry is trying to solve.

2. Correlations of upstream, midstream and downstream industries.

In terms of the logistics of raw materials, upstream players include limestone mining and cement manufacturing, limestone-containing production, and cement clinker production; midstream players include ready-mixed concrete and cement, limestone distributors and delivery, etc.; downstream players include construction companies, chemical industries using limestone, or civil engineering contractors, and construction of civil buildings, etc.

3. Development trends and competition of products

(1) Taiwan

Cement is a mature industry, with limited product changes and long product life cycles, and is not easy to be completely replaced. For the foreseeable future, there will be limited increase or decrease to the existing product categories.

Due to the characteristics of high-temperature calcination in the cement production process, it can remove heavy metals and dioxin, which generally cannot be processed in garbage incinerators, and cement plants in advanced countries such as Europe, the U.S. and Japan have been participating in the treatment of household and business wastes, playing a key role in circular economy and achieving considerable results. In the future, Taiwan's cement industry will also develop along this direction.

(2) Mainland

In 2023, a total of 2,046,452 tons of cement were sold, including 1,415,449 tons of PO 42.5 bulk cement, down year-on-year by 98,514 tons, accounting for 69% of the total sales; 631,003 tons of PII 52.5 bulk cement, down year-on-year by 144,787 tons, accounting for 31% of the total sales. The average selling price of PO 42.5 bulk cement was \$235.37/ton, down year-on-year by \$65.85/ton, and PII 52.5 bulk cement was \$263.31/ton, down year-on-year by \$69.81/ton. The overall cement price in Mainland China oscillated in a downward trend, given the relatively weak demand for cement. Although the overall decline in the coal price alleviated the pressure on production costs, the decline in the cement price was even deeper, so the profit of the cement industry declined substantially. The big picture was that we continued to focus on serving our existing customers and maintaining our market share, with new supply to the Nanjing-Huai'an High Speed Rail and North Yangtze High Speed Rail projects, which helped improve our customer structure to a certain extent.

(III) Technology and R&D Overview

1. R&D expenses invested during the most recent year or during the current year up to the date of publication of the annual report (1Q2024) (more than NT\$5 million)

Unit: Thousand NT\$

Year	Item	Amount	Results
112	Geological studies	5,261	Ensure the quality and safety of raw materials
	Coordinated disposal of general solid waste from cement kilns project	18,770	Coordinated disposal of sludge and contaminated soil using cement kilns, where sludge and contaminated soil are disposed of with components that replace clay raw materials, resulting in a saving of approximately 90,000 tons of replacement clay raw materials.
	Modification of tail exhaust fan	5,726	Improve the efficiency of the exhaust, reduce the resistance of the air duct, and reduce the volume of the loop air. The tail exhaust fan was reduced from 680 rpm to 640 rpm, and the loop fan was reduced from 850 rpm to 820 rpm.
	Modification of Kiln large ring gear	5,804	Kiln vibration was significantly reduced, with kiln vibration after replacement being reduced from the original 5.6~7.8mm/s to 1.2~1.8mm/s.

2. Successfully developed technologies or products in the most recent year and in the current year up to the date of publication of the annual report:  
Improved manufacturing process, reduced the cost of raw materials, and mass produced Type I and Type II low-alkali cement and hydraulic cement.

(IV) Long-term and short-term business development plans

1. Long-term business plan

- (1) Taiwan

In conjunction with cement production and sales, improve brand image, expand the production and sales of high value-added, eco-friendly, energy-saving, and carbon reduction products in the adjacent areas in the way that promote circular economy.

- (2) Mainland

With the products and market positioning improved, Jiangsu Xinning New Building Materials Co., Ltd., a subsidiary in China, takes grade-PO 42.5 and grade-PII 52.5 cement in the “Xinning brand” as its leading products for the infrastructure construction market. With advanced skills, excellent service, high quality, strong production capabilities to ensure supply, and a complete service network, it serves the infrastructure construction market in Nanjing and Jiangsu.

1. It is rigorous, pragmatic, and efficient in sales. With the company's advantages in product quality, it ensures adequate cement supply and service for clients, stabilizes its market share, and increases cement sales.
2. It optimizes the structure of clients, expands sales channels, focuses on grade-42.5 and grade-52.5 cement, and sells products to clients mainly in the Jiangbei and Jiangnan regions, along with clients near Anhui and clinker clients, to ensure the normal operation of kilns, to strike a balance of production and sales and increase the company's profits.
3. It proactively bids for key construction projects, timely produce low-alkali cement or retarders in line with market demand, as well as differentiates its products and expands sales, to increase the company's product reputation.
4. It also enhances sales personnel's training to improve their sales skills, adapts to

market changes, stabilizes its sales teams, and strengthens market surveying, to keep abreast of market trends.

2. Short-term business plan

(1) Taiwan

Taiwan's cement demand has entered the mature stage. In addition to maintaining market share and reducing costs, the goal is to increase brand awareness and promote environmentally friendly construction methods and products.

(2) Mainland

- I. We will achieve the sales targets and expand sales on a daily and monthly basis, enhance exchanges with competitors, adjust prices timely, and increase selling prices.
- II. We will accelerate the development and transformation of potential clients in line with the government's infrastructure investment projects, keep an eye on large projects, such as Nanjing North railway station and Shanghai–Nanjing Riverside high-speed railway, to win the bids, and increase the supply to construction projects.
- III. We will keep abreast of the downstream clients' purchase trends, competitors' production, sales, storage, and new production line construction status in real time, and set a basis for formulating sales policies.
- IV. We will optimize logistics distribution based on the existing traffic network and ensure delivery efficiency and adequate cement supply to clients.

## II. Market and production and sales overview

(I) Market Analysis

1. Sales area of major products cement and clinker

Market and proportion of sales of cement and clinker produced by the Group.

Taiwan accounted for 48.09% of the sales and Nanjing, China, accounted for 51.91% of the sales.

(1) Taiwan

The products are mainly type I ordinary cement and blast furnace slag cement, which are suitable for ready-mixed concrete plants, geological improvement in construction engineering projects, and the paint markets.

Main target markets: Yilan, Keelung, Greater Taipei, and north of Taoyuan, accounting for more than 93% of sales.

Secondary target markets: Hsinchu, Miaoli, Taichung, Changhua, accounting for less than 7% of sales.

(2) Mainland

The products are mainly PO42.5 and PII52.5 high-standard cement, which are suitable for mixing stations, pipe piles and engineering customers in the region. Due to the small effective sales radius of cement product transportation, the dominant areas are concentrated in Nanjing Jiangbei, Jiangnan, etc. with sales radius around 80-100KM. In 2022, with lower logistics costs, the sales scope has expanded to more than 150 km in radius. The sales market and proportion:

Main target markets include the areas near the plants, Pukou and Liuhe districts in Jiangbei Nanjing, Jiangbei New Area, Yuhua district in Jiangnan, Binjiang district, Hexi district, Jiangning district, and Wujiang, Anhui, accounting for about 95% of sales. The sales in the main target markets accounted for about 99% in 2023.

Secondary target markets include Chuzhou, Anhui Maanshan, and Hefei. With key construction engineering projects and clinker sales at

different stages included, accounting for around 5% of the sales. The sales in the secondary target markets in 2023 accounted for around 1% of the sales.

2. Market Share

(1) Taiwan

In 2023, cement and clinker sales accounted for approximately 5.8% of the market in Taiwan.

(2) Mainland

In 2023, the total annual demand for cement in Nanjing was about 12,000 tons, and the Company's market share in Nanjing was about 17%.

3. Future supply and demand, and growth of the market

(1) Taiwan

In terms of demand in Taiwan, the cement industry is mature and its prosperity depends on the domestic economic dynamics and the amount of national public construction, i.e. the increase or decrease in cement demand relies on whether the effective domestic demand can be boosted. In the future, the cement market demand will remain flat. It is estimated that the domestic cement market demand in 2023 will remain at slightly around 13 million metric tons.

As for cement supply, domestic companies' output and supply remained flat. Internationally, imported cement from Vietnam was sold at low prices due to overcapacity, bringing the market share of cement importers from 19% to 25%. The Taiwan Cement Manufacturers' Association applied for an anti-dumping duty levied on imported cement clinker from Vietnam in 2023. The importer's equipment has been put into full operation, and any increase will be limited. Thus, the domestic cement supply in 2023 should not change much.

(2) Mainland

Given that the pressure on the industry will remain high in 2024, it is expected that the progress of the release of capacity into operation will still be less than expected. Nevertheless, the imbalance between supply and demand during the period of downturn in demand highlights the fact that the problem of overcapacity is still relatively serious. We judge that the cement price will rebound to a certain extent in 2024, but on account of serious overcapacity, there is limited space for upward movement; coupled with the relatively high average price of cement in 2023, it is expected that the central point of the average cement price for the whole year of 2024 will still shift downward, and from the perspective of quarterly trends, the year-on-year decline will gradually slow down, and the price is possible to turn positive in the second half of the year.

4. Competitive advantages, favorable and unfavorable factors of development prospects, and corresponding measures

(1) Favorable factors

A. Taiwan

- With sufficient limestone ore source, the supply of the main raw materials can continue for a long time.
- As the government actively implements the Forward-Looking Infrastructure Program, expands the local urban and rural construction, and continues to undertake urban renewal programs, the sales of cement should remain flat.
- Affected by the China-US trade war and the pandemic, the return of investment from overseas Taiwanese companies has increased, and the construction projects in the real estate sector and the factory construction projects in the technology industry have been launched. The demand for cement and ready-

mixed concrete sustains. The overall market remains flat and should develop stably.

B. Mainland

- The limestone stock of our subsidiary in China is abundant, and the quality of ore is high; the supply to the market should be adequate.
- The product quality is stable, the adaptability is high, the market sales channels are in a stable state, and the sales policy is basically accepted by customers.
- The transportation distance from the subsidiary in China to the state-level Nanjing Jiangbei New Area is relatively short. Thanks to the development of the Jiangbei New Area in recent years, we have certain competitiveness advantages in terms of the location in regional market.

(2) Unfavorable factors

A. Taiwan

- The government imposes a commodity tax and a special tax on ore mining by local governments on the on the cement industry, and charges air pollution prevention and control fees, waste disposal fees, etc. This has increased production costs and impacted the development of the industry.
- In recent years, the trend is focused on green development in the industry. With the rising awareness of environmental protection, the production and sales of cement has been gradually under strict scrutiny. Also, countries have generally begun to pay attention to the effect of greenhouse gas emissions, and may adopt a further limit production policy to achieve carbon reduction targets. The Legislative Yuan has passed the Climate Change Response Act. The sub-law is planned to be announced in June 2023 and will be enforced one year later. The carbon tax (carbon fee) will be levied at NT\$300 per ton.

B. Mainland

- Within 50 kilometers of China subsidiaries' locations are several large cement manufacturers, including Quanjiao Conch Cement Company Limited, Anhui Panjing Cement Co., Ltd., and Chuzhou Zhonglian Cement Co. Ltd., with a production capacity of about 13 million tons and similar products and highly overlapping client groups, so the competition in homogenous products is intense. Between 2022 and 2024, new production lines will be put into operation in neighboring Anhui, which will surely increase the supply in Nanjing, with a certain impact on cement sales and prices. The low-priced cement transported by cement carriers in the upper reaches of the Yangtze River relies on the existing sales channels.
- Large cement groups, including China National Building Materials Group Corporation and Anhui Conch Cement Company Limited, tapped into their capital advantages to expand their upstream and downstream cement businesses, from the upstream mining resource bidding and mining business to the downstream concrete and building component production. Large cement groups merged and acquired concrete enterprises in the region, and the density of such businesses is high. They procure cement within the group, so we lost some of our market share.

(3) Corresponding Measures

A. Taiwan

- Strengthen cost control to improve overall operating efficiency, enhance product diversity and quality, understand and satisfy customer needs, continue to strengthen business in the domestic market, and develop and enhance customers' loyalty.
- Actively cooperate with the government's policies and national development framework, implement environmental protection and green circular economy, and process business waste to allow the industry to maintain sustainable operation and stable development.
- Strictly control the orders accepted, quickly reflect the cost in the cement selling price, include the carbon tax (fee) to the quotes (borne by buyers), strongly

require the government to levy a carbon border tax (fee) on importers for fair trade.

B. Mainland

- Formulate a competitive sales policy with stable product quality and high richness of the mix, mainly promoting 52.5 and 42.5 high-grade cement, to achieve competitive differentiation in response to changes in the market conditions.
- Actively participate in the bidding for major infrastructure projects to make up for the decrease in real estate projects to ensure stable sales.
- Increase customer visits frequency, optimize customer structure and pipelines, and enhance stability and clients' royalty.

(II) Important applications and production process of major products

1. Important applications of major products

(1) Taiwan

A. Portland Type I Cement

Portland type I cement is suitable for general construction and engineering works without sulfate corrosion or temperature rise, such as: pavement, floor, reinforced concrete structures, roads, pipelines, stucco works and other pre-cast bodies, etc.

B. Portland Type I Low Alkali Cement

Portland type I low alkali cement is similar to Portland type I cement in physical properties. However, the total alkali content in its chemical composition must be less than 0.6% Alkalies ( $\text{Na}_2\text{O} + 0.658\text{K}_2\text{O}$ ), because it can reduce the alkali silicate colloid produced by excessive alkali in the reaction, and avoid the occurrence of building swelling and cracking.

C. Portland Type II Low Alkali Cement

The chemical composition of this cement is subject to more restrictions than that of Type I cement. The alkali content in the chemical composition must be less than 0.6%, and it has moderate resistance to sulfate corrosion, thus avoiding the swelling and cracking caused by the reaction of alkali with aggregates. It has lower dry shrinkage and better durability, and is suitable for underpasses, sewers, piers, breakwaters, harbors and other engineering works.

D. Portland II (MH) cement

Portland II (MH) cement is also called even heat cement and has similar properties to Portland II cement, but the sum of tricalcium silicate and 4.75 times tricalcium aluminate must be less than 100% for its chemical composition. Its slow hydration reaction, low expansion rate and relatively low heat of hydration heat can reduce water consumption and prevent alkaline reaction of aggregates. It has moderate sulfate resistance and moderate hydration heat. Its early strength is lower than that of Type I, but its late strength is higher. It is suitable for engineering works such as reservoirs, dams, rapid transit, elevated roads, and mass concrete.

E. blended hydraulic cement IS Type (Portland blast furnace slag cement)

Blast furnace slag cement has the advantages of lower heat of hydration, higher late-stage compressive strength, durability and low cost, often used in foundation works of dams, bridges, tunnels, river banks and basements.

(2) Mainland

A. General Silicate Cement Clinker

A hydraulic hard cement material with calcium silicate as the main mineral component, produced by having the raw materials mainly containing  $\text{CaO}$ ,  $\text{SiO}_2$ ,  $\text{Al}_2\text{O}_3$ ,  $\text{Fe}_2\text{O}_3$  ground into fine powder in appropriate proportions and burned until

partially melted. The mineral content (mass fraction) of calcium silicate is not less than 66%, and the mass ratio of calcium oxide to silicon oxide is not less than 2.0. The alkali content of the Company's clinker is less than 0.6% and C3A is less than 8.0%, which is suitable for grinding various types of low alkali general silicate cement.

B. PII Silicate Cement (also known as Type II Portland Cement)

General silicate cement clinker with 0~5% limestone or blast furnace slag has higher early and late strength, alkali content less than 0.6%, which can greatly reduce the occurrence of alkali aggregate reaction and have moderate resistance to sulfate erosion and strong resistance to weathering. The Company currently produces low-alkali Portland cement PII52.5, which is suitable for large-scale commercial buildings, bridges, docks and seaport facilities and other large-scale important engineering works.

2. Production process of major products

Raw materials such as limestone, clay, silica sand, iron slag and furnace stone are ground into fine powder in appropriate proportions and then calcined at high temperature in a rotary kiln to produce clinkers, and then ground into various cement products by adding appropriate gypsum and corresponding mixed materials in specific proportions.

(III) Supply of major raw materials

Type	Source of Supply	Description
Limestone	Self-mining	<ul style="list-style-type: none"> <li>• The main raw materials for cement production include limestone, clay, silica sand, iron slag, and gypsum; the fuel is coal. In addition to limestone, which is of self-mining by the Company for self-use, other raw materials are also mainly sourced locally, while any shortage will be purchased from outside.</li> <li>• Long-term and short-term contracts are adopted to stabilize prices, and ensure that quantity and delivery time of suppliers can meet the Company's needs.</li> <li>• The Company maintains a good collaborative relationship with suppliers, and the source of supply is safe.</li> </ul>
Clay	Purchased domestically	
Silica sand	For Taiwan, mainly purchased domestically or imported from Vietnam	
	For Mainland, mainly purchased locally from Nanjing	
Iron slag	Purchased domestically	
Gypsum	Mainly purchased domestically	
Crumb coal	For Taiwan, imported from Russia	
	For Mainland, mainly purchased from Nanjing	
Furnace slag	Mainly purchased locally, partly imported from Japan	
Dry fly ash	For Mainland, mainly purchased from Nanjing	
Slag powder	For Mainland, mainly purchased from Nanjing	

(IV) The names of suppliers and customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and proportion.

1. Information on major suppliers in the most recent 2 years

Unit: Thousand NT\$

Item	2023			2022			2024 up to the previous quarter		
	Name	Amount	As a percentage of net purchases for the year (%)	Name	Amount	As a percentage of net purchases for the year (%)	Name	Amount	As a percentage of net purchases for the year up to the previous quarter (%)
1	C	546,548	20.25	A	794,518	24.47	E	93,782	24.09
2	B	414,489	15.36	C	402,398	12.39	F	88,632	22.76
3	A	381,942	14.15	B	389,595	12.00	A	66,468	17.07
4	E	336,607	12.47	D	331,966	10.22	B	44,864	11.52
5	F	310,356	11.50						
6	Others	708,731	26.26	Others	1,328,617	40.92	Others	95,597	24.56
	Net purchases	2,698,673	100.00	Net purchases	3,247,094	100.00	Net purchases	389,343	100.00

The ratio of the purchases from the three major suppliers to those from all suppliers has not changed much. The main reason is that the Company mainly produces cement, and the raw material belongs to the ore category. As the production process consumes a great deal of coal and electricity, the top three suppliers supply ore, coal, and electric power, respectively. To take into account the stability and adequacy of the supply of materials, there should be no great change in the purchase of said raw materials.

2. Information on major customers in the most recent 2 years

Unit: Thousand NT\$

Item	2023			2022			2024 up to the previous quarter		
	Name	Amount	As a percentage of net sales for the year (%)	Name	Amount	As a percentage of net sales for the year (%)	Name	Amount	As a percentage of net purchases for the year up to the previous quarter (%)
1	B	45,727	0.73	B	529,088	8.28		0	-
2	A	13,351	0.21	A	402,339	6.30		0	-
3	Others	6,200,786	99.06	Others	5,456,911	85.42	Others	1,097,070	100.00
	Net sales	6,259,864	100.00	Net sales	6,388,338	100.00	Net sales	1,097,070	100.00

The Company maintains stable collaborative relationships with major sales clients. China is an extensive market and the market competition is fierce, so the increase or

## (V) Production quantity and amount in the most recent two years

Unit: Metric ton, Thousand NT\$:

Production quantity and amount Major Products	Year	2023			2022		
		Production capacity	Production quantity	Production amount	Production capacity	Production quantity	Production amount
Cement and clinker		3,760,000	2,787,321	3,758,425	3,760,000	2,920,429	4,245,188

## (VI) Sales quantity and amount in the most recent two years

Unit: Metric ton, Thousand NT\$:

Sales quantity and amount Major Products	Year	2023		2022	
		Domestic sales		Domestic sales	
		Quantity	Amount	Quantity	Amount
Cement and clinker		2,792,934	4,265,317	2,935,072	4,734,541
Others			2,145,367	-	1,745,538
Internal transfers			(150,820)	-	(91,741)
Net operating revenues			6,259,864	-	6,388,338

**III. The number of employees for the most recent 2 years, and the current year up to the date of publication of the annual report, their average years of service, average age, and education distribution.**

Item	Date	December 31, 2023	December 31, 2022	The current year up to March 31, 2024
	Number of employees		718	722
Average age		45.89	45.27	46.52
Average years of service		12.17	11.63	12.22
Education distribution %	Doctorate	0.00%	0.00%	0.00%
	Master	1.81%	1.80%	1.83%
	University and college	31.48%	31.44%	31.08%
	High school	33.70%	32.69%	33.61%
	Below high school	33.01%	34.07%	33.47%

Note: It refers to the number of the Group's employees (including employees of subsidiaries in Taiwan and mainland China).

**IV. Environmental protection expenditure**

In view of the rapid development of circular economy and technology, the Group actively promotes green energy and environmental protection, and is committed to environmental sustainability to implement corporate social responsibility. Also, the Company conducts business in compliance with various environmental protection laws and regulations while strengthening efforts in tree planting around mines, energy conservation, carbon reduction, and pollution prevention, improvement to processes, and waste treatment, to reduce the impact on the environment, implement various management of safety, health, environmental protection, and fulfill corporate responsibilities for environmental protection.

The details of 2023 expenditure for investment in pollution prevention and control equipment or technology are as follows: Unit: Thousand NT\$

Item	Expenditure	Description
Maintenance and renewal work for dust collection equipment	24,035	In order to establish dust-proof facilities, the Company uses the most effective dust collection equipment to improve the efficiency of dust collection.
Management fees for vegetation and beautification in mining area	6,971	The roads in the mining area are improved by hardening so as to prevent vehicles from carrying mud away. The construction of the filtered-water reservoir is fully implemented with green vegetation and soil conservation work, and in line with the government's greening campaign, restoration is actively pursued to reduce the impact of the landscape.
Coordinated disposal of general solid waste from cement kilns project	18,770	Coordinated disposal of sludge and contaminated soil using cement kilns, where sludge and contaminated soil are disposed of with components that replace clay raw materials, resulting in a saving of approximately 90,000 tons of replacement clay raw materials.
Modification of tail exhaust fan	5,726	Improve the efficiency of the exhaust, reduce the resistance of the air duct, and reduce the volume of the loop air. The tail

		exhaust fan was reduced from 680 rpm to 640 rpm, and the loop fan was reduced from 850 rpm to 820 rpm.
Modification of treatment of slag liquid wastewater	10,094	Treatment of slag wastewater after wet desulphurization and pressing, removing various heavy ions mainly chlorine ions, filtering out the remaining gypsum and solid residue, and discharging clean water that meets the environmental standards.
Modification of circulating water cooling tower	2,725	Closed cooling can reduce water evaporation and improve cooling efficiency by intelligently regulating water temperature.
Modification of the fixed ends of grate cooler	3,444	The secondary air temperature was increased to more than 1130°C, and the kiln calcination adaptability was greatly improved.
Modification of Kiln large ring gear	5,804	Kiln vibration was significantly reduced, with kiln vibration after replacement being reduced from the original 5.6~7.8mm/s to 1.2~1.8mm/s.
Clinker tilting zippers	9,471	Improvement of equipment operation rate to ensure stable operation of the system.
Green mine	7,129	Mine ecological restoration, soil and water conservation, mine environmental afforestation, geological environmental monitoring, and re-vegetation.
Intelligent mine construction	12,868	Improvement of mine digitization management capacity and slope disaster warning.

A amount of NT\$107,037 thousand for investment in pollution prevention equipment or technology in 2023

(I) The total amount of losses and penalties due to environmental pollution in the most recent year:

No penalty in 2023.

(II) Future countermeasures and possible expenditures

1. Future corresponding measures

(1) Taiwan

- Step up management and maintenance of production equipment and environmental protection facilities to reduce the possibility of pollution.
- Continue to strengthen the training of operators on the prevention, control and response to noise, air and water pollution and strictly enforce the operation regulations.
- At present, all possible pollution sources have been equipped with pollution prevention and control equipment, and personnel are regularly trained to deal with abnormal situations in order to completely eliminate pollution.
- In accordance with Article 13 of the “Greenhouse Gas Reduction and Management Act,” since 2015, the Group’s Nanshenghu Plant has been disclosing annual information related to greenhouse gas emissions for the previous year (with proof such as a third-party examination statement) and has been registered on the “National Greenhouse Gas Registration Platform of the Environmental Protection Bureau, Executive Yuan in response to greenhouse gas emissions and reduction measures”.  
Participate in the voluntary greenhouse gas reduction campaign, receive technical guidance from the Industrial Development Bureau on energy saving and carbon reduction, and improve process equipment to reduce energy loss.  
In response to the call for more greenhouse gas emission reduction, will continue to renew equipment and improve processes to reduce energy loss per unit of production, and hold regular review meetings on process energy efficiency.
- Carbon fee collection  
In 2015, the Environment Protection Administration enacted the "Greenhouse Gas Reduction and Management Act" for the management of greenhouse gas emissions. On February 15, 2023, the Act was renamed the "Climate Change Response Act", and in

August of the same year, the Ministry of the Environment was given the responsibility to develop climate change adaptation strategies and to reduce and manage greenhouse gas emissions. In order to achieve the national greenhouse gas reduction target, the central competent authority has stipulated the rules for carbon fee levy in phases, and there is a great deal of concern about the method of collecting carbon fee and other compliance requirements announced by the central competent authority.

- Reuse processing policy  
Proper disposal of self-generated waste and implementation of resource sorting and reuse.  
In line with the circular economy policy, reusable industrial by-products or wastes will be transformed into alternative raw materials and properly processed and mixed in accordance with law, so as to reduce the energy consumption of raw material mining and carbon emissions, and to put into action the environmental protection concept of reusing global resources.
- Reduce water consumption  
The groundwater currently used at the Nanshenghu Plant, except for process evaporation consumption, is only used for the cooling of process equipment and is recycled and reused. and achieved the goal of zero discharge of recycled water in the manufacturing process as indicated by the fact that the Yilan County Environmental Protection Bureau issued the "Waste (Sewage) Water Storage Permit Document" on December 8, 2016.

(2) Mainland

- Committed to the social responsibility goals of environmental protection, culture, poverty alleviation, and community interaction; adopt green production and green lifestyles as the goal of environmental sustainability; start from ecological vegetation projects, energy conservation and carbon reduction, addition and update of pollution prevention and control equipment to waste recycling and treatment to reduce the impact on the environment.
- As for energy conservation and consumption reduction, the Company will optimize the energy system throughout entire production line through a series of energy-saving technological modifications to improve the energy efficiency. In terms of collaborative treatment, the Company treated municipal sludge as designated by the Nanjing Municipal Government and has effectively alleviated the pressure on local disposal work for environmental protection to jointly improve energy consumption indicators, environmental emission indicators, comprehensive utilization of resources, and changes in people's perceptions.
- Strengthen the management and maintenance of production equipment and environmental protection facilities by all production units to ensure normal and stable operation, and meet the standard requirements of the special emission limits of atmospheric pollutants in the national designated areas of the country and the requirements of the Ecological and Environmental Protection Bureau of Nanjing City and Pukou District.
- Provide more trainings on environmental protection awareness for all employees, upgrade environmental management techniques and further elevate the environmental management level of the Company; make complete environmental protection files, including environmental assessment reports, environmental engineering acceptance reports, pollution source monitoring reports, pollution emission standards, environmental protection laws and regulations, environmental protection technical information and other environmental statistics, and report to the local environmental protection administrative department on a regular basis to ensure that the emission of pollutants meets the standards and keep in good shape total amount control of pollution emission.

2. Future possible expenditures

- (1) Expenses for replacement, renewal, and upgrade of existing anti-pollution equipment.
- (2) Environmental taxes on pollutants discharged/emitted.
- (3) Skills training for environmental management personnel.
- (4) Road maintenance and vegetation costs.
- (5) Fees for environmental protection facility certification and pollutant discharge/emission monitoring.

- (6) Carbon fee collection.

**Expected future expenditures for environmental protection:**

Item	Effect
Update of raw material EP exhaust fan	Enhancement of fan efficiency and process capability
Conversion of raw material EP to bag-type dust collector	Significantly reduce particulate emissions and fulfill corporate responsibility
Planting and greening in 830 work area	Implement the vegetation and water and soil conservation work and work with the government's vegetation policy to proactively restore and reduce the impact on the landscape
Green mine	Mine ecological restoration, soil and water conservation, mine environmental afforestation, geological environmental monitoring, and re-vegetation.

It is estimated that the total environmental protection expenditure will be NT\$105,349 thousand in the future to improve the stability of the existing equipment operation and optimize the emission quality.

**V. Labor Relations**

In addition to enhancing the welfare and working environment for employees under various labor, safety and health laws and regulations, the Group has also established various evaluation, training, retention and utilization systems to improve the quality of human resources and transfer of work experience, and planned various salary and bonus benefits to meet the expectations of employees and society, in order to build up the momentum for future competitiveness.

- (I) The Group's employee benefits, education, training and retirement systems and their implementation
1. The Group sets out employee benefits in accordance with regulations with variations from region to region. The main contents include emergency relief, bereavement aid (including dependents), wedding support, birthday gift certificate, education scholarship for children, childcare allowance, New Year's gift certificate, transportation subsidy, meal allowance, staff dormitory, model worker recognition and staff travel subsidy, group accident insurance for employees, etc.
  2. Employee development and training  
 The Group regularly organizes training programs for new recruits and various professional training programs. The human resources department plans employee training programs every year, focusing on the functional needs of different departments and levels, and organizes internal and external training programs in conjunction with the Company's development strategy to provide supervisors and employees with ample opportunities for training, covering professional skills and development of talents in accounting, production, computer, finance, and law, etc. Depending on the actual needs, each department can also participate in vocational training programs offered by government agencies and social organizations to improve the connection between professional functions and social trends.  
 In 2023, HSING TA employees had a total of 3,600 hours of training, with 669 participants. Mainland Xinning Plant's employees had a total of 578 hours of training, with 1,407 participants.
  3. Retirement systems  
 The Company has the "Regulations on HR Management" to provide for the appointment, service, evaluation, reward and punishment, promotion and termination of employees, and the "Regulations on Employee Bereavement" to take care of employees and their families. The Company has a Supervisory Committee of Labor Retirement Reserve in accordance with law,

which meets from time to time as necessary to review the appropriation and utilization of pension funds to fully protect the retirement rights of employees.

The "Labor Pension Act" became effective on July 1, 2005. For employees who were previously employed and are still in employment, they may choose to continue to be subject to the pension provisions of the "Labor Standards Act" (the old scheme) or to be subject to the pension scheme of the Act and to retain the length of service prior to the application of these provisions. Employee pensions are paid based on years of service and average salary for the six months before retirement. After July 1, 2005, only the pension scheme under the Labor Pension Act (the "new scheme") is applicable to new employees.

For employees who choose to be subject to the Labor Standards Act (old scheme), the Company contributes a monthly retirement reserve, as per the results of the actuarial report, to a dedicated account in the Trust Department of the Bank of Taiwan, and their pension payments are made from this dedicated account.

In line with the new scheme of labor pension appropriation, the Company contributes 6% of the total monthly salary of employees who choose to apply the Labor Pension Act (the new scheme) to their individual accounts with the Bureau of Labor Insurance.

(1) Employee retirement criteria:

Retirement can be divided into self-initiated retirement and mandatory retirement, and the criteria are as follows.

Criteria for self-initiated retirement:

- Have worked for at least 15 years and have reached the age of 55.
- Have worked for at least 25 years.
- Have worked for at least 10 years and have reached the age of 60.

Criteria for mandatory retirement:

- Have reached the age of 65.
- Mentally or physically incapacitated for work.

The age specified in the preceding paragraph may be adjusted by the employer upon application to the central authority for special jobs that are dangerous or require strong physical strength. But not less than 55 years old.

(2) Employee retirement procedure:

- Retirement application

Employees who apply for self-initiated retirement should fill out the "Separation (Suspension) Application Form", while mandatory retirement shall be initiated by HR unit in accordance with regulations.

- Retirement review

The HR unit according to hierarchy submits to the supervisor at each level for review and to general manager for approval.

- Retirement process

Before employees retire, they must complete the handover process in accordance with the separation procedures, and their immediate supervisors must oversee the transfer of the employees' works and company properties, and reimburse all borrowings.

- Pension payment

Employee pension is paid within 30 days from the date of retirement.

In accordance with the pension insurance system stipulated by the government of the People's Republic of China, the Mainland Xinning Plant provides monthly pension insurance benefits to local employees at 16% of their basic salary, and each employee's pension is managed and arranged centrally by the government.

#### 4. Protective measures for working environment and employee personal safety

##### (1) Specific measures for safety and health management

- Policy and administration of occupational safety and health management system  
With "Safety First, Prevention of Injuries and Diseases, Compliance with Laws and Regulations, and Continuous Improvement" as the spirit of the safety and health management system, the Company has established and implemented an effective and preventive safety and health management system for all employees to follow and continuously improve in order to achieve the safety and health goals.  
Comply with domestic safety and health laws, and strive to meet international safety and health standards. Strengthen relevant safety and health education and training to improve employee's awareness of workplace hazards and prevent occupational injuries and diseases. Establish a good communication mechanism and build a harmonious relationship. Continuous audit, review and supervision, timely correction of unsafe factors to enhance operational safety.
- Set out safety and health policy  
Establish a "Safety and Health Work Rules" as the basis for consensus on safety and health measures in the Company.  
In order to achieve the goal of zero disaster, the plan is revised every year based on risk assessment and meeting discussions, in addition to complying with the requirements of corporate social environment and government labor regulations, and continuously facilitate the overall improvement of safety and health performance through the PDCA method.
- Hazard identification, risk assessment and corresponding measures  
Based on the hazards discovered during the inspection, each unit formulates an improvement management plan after review and evaluation, which serves as the basis for formulating the annual safety and health management plan and the safety operation standards, so as to reduce the risk of hazards in the business unit year by year and achieve the ultimate goal of zero disaster.
- Operating environment monitoring  
In accordance with the measures for the implementation of labor working environmental monitoring, qualified working environment monitoring organization is entrusted to monitor dust, noise and other chemical and physical factors in the working environment, and determine whether the monitoring results meet the provisions of law, and if there are abnormalities in the monitoring results, they need to be improved and corrected to protect the safety of personnel.
- Health care and management  
In accordance with the labor health protection rules, health inspections are carried out, and there are medical staff in the factory. Special inspections such as lung function are carried out for workers working under special health hazards such as dust. After the results of special health inspections, differential management is implemented with follow-up for employees with abnormal inspection data to help them pay attention to their health conditions and take up healthy lifestyle habits.
- Audit management of safety and health responsibility area  
A three-level audit management system is adopted to implement internal audit (internal self-audit) and external audit (audit by the audit department and competent authority) according to employee's responsibility area. In addition to requiring all employees to thoroughly carry out safety and health management, also ensure that the safety and health management system operates smoothly and well.
- Implement automatic checks  
Considering that employees are prone to physical injury due to unsafe operations, equipment or management when they deal with different working environments, processes, operations and works, actively promote automatic inspections, hoping to by this measure discover potential hazards for improvement and effective control.

- Occupational safety and health management system  
Through the occupational safety and health management system, fully utilize the autonomous management function of safety and health, continuously improve occupational safety and health performance, and reduce risks to safety and health, so as to ensure labor safety and health and boost competitiveness in the industry.
- (2) Implement operation safety control
- Operation application control  
According to legal requirements and actual operation needs, special operation controls and work permits are implemented for elevated operations, fire operations, confined space operations, etc. for workers to follow.
  - Regular inspection and certification of hazardous machinery and equipment  
All hazardous machinery and equipment must be inspected and qualified regularly. Operators must obtain professional licenses in accordance with law to operate and need to receive regular on-the-job retraining.
  - Analysis and investigation of occupational accidents and false alarms  
Analyze and investigate all injuries, non-injuries and false alarms and track ex post improvements to eliminate potential hazards.
  - Amendment to safety operation standard  
All amendments to safety operation procedures are led by unit chiefs, who guide workers actually conducting related operations to participate in amendment discussions. Through continuous and comprehensive reviews, the safety operation procedures can effectively be carried out on the operation shop floor so that the perception of hazards of operating personnel is enhanced and improper accidents due to failure to follow the procedures are eliminated.
  - Improvement of traffic in the plant  
In order to ensure the safety of all intersections in the plant, will continue to discuss improvement measures and introduce improvement projects, and strengthen traffic safety educational propaganda and eliminate unsafe driving behaviors.
  - Machine and equipment switch control  
In order to avoid the hazards associated with "false activation" of equipment switches, in addition to a comprehensive inspection and labeling of the switches on site, safety procedures have been established for power-off and tagging during machine shutdown for repair to avoid the hazards of winding and pinching during equipment maintenance or machine shutdown.
  - Firefighting equipment inspection and filing  
In addition to regular self-inspection of fire-fighting facilities and equipment, continuous improvements are also made every year.
5. In order to encourage the professional services of our employees and to support their lives after retirement, the Group has established labor retirement and employee bereavement schemes to take care of employees and their families.
- (II) Agreements between management and employees of the Group and measures to protect the rights and interests of employees
1. Labor-management agreement  
To create a harmonious labor-management relationship, the Company convenes labor-management meetings regularly to ensure employees' safety, well-being, and health. It establishes a channel for consultation and grievance with smooth employees grievance channels. Therefore, the labor-management relationship has been harmonious since the establishment of the Company without material labor disputes. All employees work hard with loyalty to the Company.
  2. Measures for protection of employee rights  
In addition to formulating the "Employee Work Rules" in accordance with the laws and

regulations to clearly regulate the working conditions and protect the rights and interests of employees, the Company has also facilitated the "Labor-Management Meetings", and established the "Employee Welfare Committee", and the "Employee Complaint Channels" in accordance with the laws and regulations. The Company's Nanshenghu Plant entered into a collective bargaining agreement with enterprise Union for a period of 3 years (from June 19, 2021 to June 18, 2024), which will be renewed before the expiration of the agreement, and a labor-management supervisory meeting will be held every 3 months, during which labor representatives can propose employee welfares (improvement of factory food, adjustment of flexible rest days, and increase of bonus). In 2023, four regular meetings and one extraordinary meeting were held, and the resolutions passed were submitted to the Head Office for approval to have the related welfares adjusted for the current year. Employees' rights and benefits can be addressed fairly and reasonably through the aforementioned channel. The Company and its employees have been working together in good faith to create a win-win situation, and so far there has not been occasions that gave rise to damage to the rights and interests of the employees, and the Company has been awarded by the Ministry of Labor's "Award as an Experienced Mediator of Labor Disputes and Collective Bargaining Agreements" in 2018 and 2019 consecutively. Please refer to the Chapter "4.2.3 Labor-Management Communication" of the Company's Sustainability Report for more details.

- (III) Losses incurred due to labor-management disputes in the most recent year and in the current year up to the date of the publication of the annual report and disclosure of the estimated amount of current or future potential losses and countermeasures

In the most recent 3 years, the Group had no labor-management disputes and there is no potential cause of labor-management disputes. However, the Company will continue to maintain close communication and coordination with labor unions and actively enhance welfare measures and improve working environment to promote harmonious labor relations with a view to eliminating the possibility of labor-management disputes.

- (IV) Code of conduct or ethics for employees

The "Ethical Corporate Management Principles", "Code of Business Conduct with Integrity" and "Code of Conduct for Employees" have been established to regulate the ethical conduct of all employees. For relevant contents, please refer to the website:

<http://www.hsingta.com.tw>→About HSING TA→Major Company Regulations.

- (V) The total amount of losses and penalties for labor safety and health in the most recent year:  
No penalty in 2023.

## VI. Cyber security management

- (I) Cyber security risk management framework, policy, specific management plans, and resources put in cyber security management:

1. Cyber security and risk management framework:

- A. Information security goals: Establish a safe and reliable computerized operating environment to ensure the security of company data, systems, equipment, and networks to protect the Company's interests and all units' sustainable operations of the information systems.
- B. Information security management regulations: To strengthen the Company's internal information security management, that is, to ensure the confidentiality, integrity, and availability of information, and cyber security, the Company has formulated the "Computer Operations Management Regulations" to regulate the security maintenance of information and data. The Company has established a management system for the access, generation, use and storage of various IT data, and regulated the behaviors concerning information security that employees must follow when using computer information systems for business

purposes. The Company protects information assets from improper use, leakage, tampering, destruction to ensure the security of information collection, processing, transmission, storage, and circulation.

C. The scope of information security

- Promotional education on staff management and information security
- Network security management.
- System access control
- physical and environmental security management.
- Computer systems security management.
- Postal data security management
- System development and maintenance security management.
- Information security audits.

2. Cyber security policy: Establish a safe and reliable information environment to ensure the security of company data, systems, equipment, and networks to protect the Company's interests and all units' sustainable operations of the information systems. Maintain the stability of the Company's business operations and avoid operating losses from system interruptions or information security incidents.

3. Specific management plan:

A. Information security specific plan

- Establish firewalls to set up connection rule
- Email security control to prevent unsure email and spam.
- Data backup: Daily data backup and remote storage to ensure data security.
- Data recovery: At least one data recovery drill is organized a year to ensure the effectiveness of backup procedures and data so as to prevent the risks when disasters occur, and to ensure the smooth connection of all information systems.
- Use anti-virus software to minimize the chance of virus infection.

B. Information security audit and review

- The Company conducts one "Information Security Audit" and two "Information System Internal Control Self-Assessment" each year by external parties and internal auditors.
- Review reports on internal information application systems, office automation, network information and information security protection measures are presented in management meetings from time to time, and provide tools related to operation, management and decision-making to reduce information security and to manage such risks.

4. Resources put in cyber security management:

- Cyber security equipment includes firewalls, email anti-virus and spam filtering.
- The system is monitored daily by dedicated staff to prevent hackers from accessing and stealing company data.
- y Announcement and education on information security awareness are conducted from time to time to raise employees' awareness of information security.
- VPN equipment was added in 2022.

(II) Any losses incurred due to major cyber security incidents, potential impacts, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated: During the most recent year and up to the publication date of this annual report, the Company did not suffer any losses due to major cyber security incidents.

## VII. Important contracts

Contract nature	Party involved	Contract start and end date	Main content	Restriction clause
Engineering contracts	Kaishin Engineering Co., Ltd.	2018.02.14~Completed	Contract for the land development project	None
Purchase and sales contracts	Jiangsu Electric Power Company Nanjing Power Supply Company	2023.01.01~2023.12.31	Electricity bill	None
Purchase and sales contracts	Nanjing China Coal Energy Transportation and Sales Co., Ltd.	2023.01.01~2023.12.31	Raw material coal	None
Purchase and sales contracts	Jiangsu Guoneng Power Fuel Co., Ltd.	2023.01.01~2023.12.31	Raw material coal	None
Purchase and sales contracts	Jiangsu Jiangchuang Technology Co., Ltd.	2023.01.01~2023.12.31	Non-ferrous metal bottom ash	None
Purchase and sales contracts	Nanjing Tianbeiyi Building Materials Co., Ltd.	2023.01.01~2023.12.31	Mineral powder, sandstone, iron tailing sand, gangue sand	None
Purchase and sales contracts	Nanjing Xinrong Greening Engineering Co., Ltd.	2023.01.01~2023.12.31	Environmental biomass pellets	None
Purchase and sales contracts	Zhenjiang Nuohao Building Material Co., Ltd.	2023.01.01~2023.12.31	Sandstone, yellow phosphorus slag, and gangue	None
Purchase and sales contracts	Nanjing Nangang Jiahua New Building Materials Co., Ltd.	2023.01.01~2023.12.31	Mineral powder	None
Purchase and sales contracts	Jiangsu Runtian Building Material Co., Ltd.	2023.01.01~2023.12.31	Grinding aid and raw meal mineralizer	None
Purchase and sales contracts	Runtian (Nanjing) New Material Technology Co., Ltd.	2023.01.01~2023.12.31	S80 mineral powder	None
Purchase and sales contracts	Nanjing Biaobei Trading Company	2023.01.01-2023.12.31	Desulfurized gypsum, powder fly ash Wet fly ash	None
Purchase and sales contracts	Jurong Chunfan Chemical Co., Ltd.	2023.01.01-2023.12.31	Ammonia	None
Purchase and sales contracts	Jiangsu Tubang Technology Co., Ltd.	2023.01.01~2023.12.31	Ammonia	None
Purchase and sales contracts	Nanjing Anjite Mine Engineering Co., Ltd.	2023.01.01~2023.12.31	Mining engineering works and vegetation project	None
Purchase and sales contracts	Shandong Xunfei Building Materials Co., Ltd.	2023.01.01~2023.12.31	Refractory brick	None
Purchase and sales contracts	Yixing City Jiaying Refractories Co., Ltd.	2023.01.01~2023.12.31	Refractories	None
Purchase and sales contracts	Jiangsu Changyou Special Steel Machinery Co., Ltd.	2023.01.01~2023.12.31	Grate plate, anchor	None
Engineering contracts	Suhua Construction Group Co., Ltd.	2023.01.01~2023.12.31	Grate cooler repair or maintenance	None
Engineering contracts	Jiangsu Jianzhong Electromechanical Equipment Engineering Co., Ltd.	2023.01.01~2023.12.31	Maintenance of Kiln large ring gear	None
Engineering contracts	Shanghai Laser Power Equipment Co., Ltd.	2023.01.01~2023.12.31	Kiln outlet electric dust collection	None
Engineering contracts	Yixing City Bingwei Water Treatment Equipment Co., Ltd.	2023.01.01~2023.12.31	Wastewater desulphurization and treatment project	None
Engineering contracts	Jiangsu Yuanmiao Environmental Engineering Co., Ltd.	2023.01.01~2023.12.31	Coordinated disposal of general solid waste from cement kilns project	None
Engineering contracts	Taicheng Construction Co., Ltd.	2023.01.01~2023.12.31	Thermal insulation scaffold	None
Engineering contracts	Nanjing Huazhang Construction Engineering Group Co., Ltd.	2023.01.01~2023.12.31	Green mine fire escape road reconstruction	None
Engineering contracts	Nanjing Anjite Mine Engineering Co., Ltd.	2023.01.01~2023.12.31	Green mine fire escape earthwork	None
Engineering contracts	Nanjing Jieyun Construction Engineering Co., Ltd.	2023.01.01~2023.12.31	Green mine planting and landscape work	None
Engineering contracts	Tangshan Yifeng Furnace Engineering Co., Ltd.	2023.01.01~2023.12.31	Furnace construction	None

## Six. Finance Overview

### I. Condensed balance sheets and comprehensive income statements for the most recent 5 years - IFRS

#### (I) Consolidated condensed balance sheet – IFRS

Unit: Thousand NT\$

Item \ Year	Financial information for the most recent 5 years					Financial information for the current year up to March 31, 2024 (Note 1)	
	2023	2022	2021	2020	2019		
Current assets	6,686,926	6,560,477	6,746,334	6,572,996	5,683,105	6,660,394	
Property, plant, and equipment	2,671,967	2,755,243	2,744,437	2,928,658	3,093,153	2,652,350	
Intangible assets	17,537	8,904	9,296	49,460	51,243	16,920	
Other assets	2,186,740	2,165,402	2,202,278	2,259,939	2,363,793	2,193,548	
Total assets	11,563,170	11,490,026	11,702,345	11,811,053	11,191,294	11,523,212	
Current liabilities	Before distribution	1,391,300	1,629,093	1,749,952	2,162,621	2,256,725	1,200,617
	After distribution	(Note 2)	1,902,020	2,262,889	2,675,558	2,632,879	(Note 2)
Non-current liabilities	181,269	197,381	99,221	107,416	304,447	139,179	
Total liabilities	Before distribution	1,572,569	1,826,474	1,849,173	2,270,037	2,561,172	1,339,796
	After distribution	(Note 2)	2,099,401	2,362,110	2,782,974	2,937,326	(Note 2)
Equity attributable to shareholders of the parent	8,117,677	7,765,913	7,830,858	7,497,866	6,818,517	8,294,409	
Capital stock	3,411,589	3,411,589	3,419,579	3,419,579	3,419,579	3,411,589	
Capital surplus	15,697	15,644	22,962	22,651	22,551	15,724	
Retained earnings	Before distribution	4,883,546	4,475,164	4,589,070	4,231,187	3,608,235	5,002,605
	After distribution	(Note 2)	4,202,237	4,076,133	3,718,250	3,232,081	(Note 2)
Other equity	(193,155)	(136,484)	(200,753)	(175,551)	(231,848)	(135,509)	
Treasury shares	-	-	-	-	-	-	
Non-controlling interests	1,872,924	1,897,639	2,022,314	2,043,150	1,811,605	1,889,007	
Total equity	Before distribution	9,990,601	9,663,552	9,853,172	9,541,016	8,630,122	10,183,416
	After distribution	(Note 2)	9,390,625	9,340,235	9,028,079	8,253,968	(Note 2)

Note 1: The information for the first quarter of 2024 has been reviewed by CPAs, except for the information on non-significant subsidiaries, which are based on the unreviewed financial statements prepared by the respective companies for the same period.

Note 2: The 2023 earnings distribution proposal has been approved by the Board of Directors but has not yet been approved by the shareholder meeting.

## (II) Consolidated condensed comprehensive income statement – IFRS

Unit: Thousand NT\$

Item	Year	Financial information for the most recent 5 years					Financial information for the current year up to March 31, 2024 (Note 1)
		2023	2022	2021	2020	2019	
Operating revenues		6,259,864	6,388,338	7,378,229	7,593,294	7,822,895	1,097,070
Operating gross margin		1,341,074	1,249,749	2,202,927	2,609,782	2,604,455	209,850
Operating profits		989,292	911,139	1,757,542	2,102,359	2,066,501	123,196
Non-operating income and expense		122,326	81,615	81,432	16,072	22,191	15,710
Net income before tax		1,111,618	992,754	1,838,974	2,118,431	2,088,692	138,906
Net income (losses) for the period		807,587	517,738	1,212,790	1,448,873	1,458,617	106,129
Other comprehensive income for the period		(89,947)	97,077	(28,240)	80,293	(171,537)	86,659
Total comprehensive income for the period		717,640	614,815	1,184,550	1,529,166	1,287,080	192,788
Net income attributable to shareholders of the parent		685,884	399,166	862,861	1,004,034	963,670	119,059
Net income attributable to non-controlling interests		121,703	118,572	349,929	444,839	494,947	(12,930)
Comprehensive income attributable to shareholders of the parent		624,638	463,300	845,618	1,055,403	849,783	176,705
Comprehensive income attributable to non-controlling interests		93,002	151,515	338,932	473,763	437,297	16,083
Earnings per share (Unit: NT\$)		2.01	1.17	2.52	2.94	2.82	0.35

Note 1: The information for the first quarter of 2024 has been reviewed by CPAs, except for the information on non-significant subsidiaries, which are based on the unreviewed financial statements prepared by the respective companies for the same period.

## (III) Stand-alone condensed balance sheet – IFRS

Unit: Thousand NT\$

Item		Year	Financial information for the most recent 5 years				
			2023	2022	2021	2020	2019
Current assets			2,294,739	1,861,540	1,668,581	1,251,770	941,426
Property, plant, and equipment			742,633	728,875	752,935	839,378	918,089
Intangible assets			-	-	-	-	-
Other assets			5,573,002	5,603,451	5,870,939	5,873,384	5,485,720
Total assets			8,610,374	8,193,866	8,292,455	7,964,532	7,345,235
Current liabilities	Before distribution		380,502	310,984	404,725	403,107	346,289
	After distribution		(Note 1)	583,911	917,662	916,044	722,443
Non-current liabilities			112,195	116,969	56,872	63,559	180,429
Total liabilities	Before distribution		492,697	427,953	461,597	466,666	526,718
	After distribution		(Note 1)	700,880	974,534	979,603	902,872
Owners' equity			8,117,677	7,765,913	7,830,858	7,497,866	6,818,517
Capital stock			3,411,589	3,411,589	3,419,579	3,419,579	3,419,579
Capital surplus			15,697	15,644	22,962	22,651	22,551
Retained earnings	Before distribution		4,883,546	4,475,164	4,589,070	4,231,187	3,608,235
	After distribution		(Note 1)	4,202,237	4,076,133	3,718,250	3,232,081
Other equity			(193,155)	(136,484)	(200,753)	(175,551)	(231,848)
Treasury shares			-	-	-	-	-
Non-controlling interests			-	-	-	-	-
Total equity	Before distribution		8,117,677	7,765,913	7,830,858	7,497,866	6,818,517
	After distribution		(Note 1)	7,492,986	7,317,921	6,984,929	6,442,363

Note 1: The 2023 earnings distribution proposal has been approved by the Board of Directors but has not yet been approved by the shareholder meeting.

## (IV) Stand-alone condensed comprehensive income statement - IFRS

Unit: Thousand NT\$

Item	Financial information for the most recent 5 years				
	2023	2022	2021	2020	2019
Operating revenues	2,273,939	1,772,103	1,939,978	1,728,042	1,539,575
Operating gross margin	676,469	405,958	458,653	385,584	187,633
Operating profits	543,121	297,923	310,815	219,186	27,973
Non-operating income and expense	294,880	274,198	696,051	880,886	994,370
Net income before tax	838,001	572,121	1,006,866	1,100,072	1,022,343
Net income for the period	685,884	399,166	862,861	1,004,034	963,670
Other comprehensive income for the period	(61,246)	64,134	(17,243)	51,369	(113,887)
Total comprehensive income for the period	624,638	463,300	845,618	1,055,403	849,783
Earnings per share (Unit: NT\$)	2.01	1.17	2.52	2.94	2.82

## (V) The name of CPA for the most recent 5 years and the audit opinions

Year	2023	2022	2021	2020	2019
CPA name	Xiu-Ling Li Ming-Chuan Xu	Xiu-Ling Li Ming-Chuan Xu	Zong-Xi Lai Ming-Chuan Xu	Zong-Xi Lai Ming-Chuan Xu	Zong-Xi Lai Ming-Chuan Xu
Audit opinions	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

## II. Financial analysis for the most recent 5 years - IFRS

### (I) Consolidated financial analysis for the most recent 5 years - IFRS

Analysis Item		Financial information for the most recent 5 years					Financial information for the current year up to March 31, 2024
		2023	2022	2021	2020	2019	
Capital structure %	Debts to assets ratio	13.60	15.90	15.80	19.22	22.89	11.63
	Long-term capital to property, plant, and equipment ratio	373.90	350.73	359.02	325.78	279.01	383.94
Liquidity %	Current ratio	480.62	402.71	385.52	303.94	251.83	554.75
	Quick ratio	413.90	338.12	331.96	261.67	213.89	475.49
	Interests coverage multiplier	863.39	1,142.10	4,904.93	981.76	113.98	545.73
Operating performance %	Accounts receivable turnover rate (times)	5.71	4.27	3.62	3.29	3.04	4.28
	Average collection days	63.92	85.48	100.82	110.94	120.06	85.00
	Inventory turnover rate (times)	5.07	5.36	5.75	5.78	6.37	3.85
	Accounts payable turnover rate (times)	5.20	5.26	4.73	4.32	5.26	4.52
	Average sales days	71.99	68.09	63.49	63.14	57.29	94.85
	Property, plant and equipment turnover rate (times)	2.31	2.32	2.60	2.52	2.44	1.65
	Total assets turnover rate (times)	0.54	0.55	0.63	0.66	0.73	0.38
Profitability %	Return on assets (%)	7.02	4.47	10.32	12.61	13.79	0.92
	Return on equity (%)	8.22	5.31	12.51	15.95	17.87	1.05
	Net profits before tax to paid-in capital ratio (%)	32.58	29.10	53.78	61.95	61.08	4.07
	Net profits margin (%)	12.90	8.10	16.44	19.08	18.65	9.67
	Earnings per share (NT\$)	2.01	1.17	2.52	2.94	2.82	0.35
Cash Flow	Cash flow ratio (%)	51.37	91.70	65.98	99.31	94.75	11.92
	Cash flow adequacy ratio (%)	259.13	306.13	382.61	352.53	252.53	304.72
	Cash reinvestment ratio (%)	2.06	8.55	4.54	13.16	14.88	0.95
Leverage	Operating leverage	1.89	1.94	1.63	1.49	1.49	2.73
	Financial leverage	1.00	1.00	1.00	1.00	1.01	1.00
	<p>Analysis and explanation for items with 20% increase or decrease in the most recent 2 years</p> <ol style="list-style-type: none"> <li>Increase in quick ratio: Due to the decrease in notes payable and accounts payable in Mainland China.</li> <li>Decrease in interest coverage multiplier: Due to the increase in interest on lease liabilities and interest expense on the parent company's borrowings.</li> <li>Increase in receivable turnover rate and decrease in average collection days: Mainly due to the change in the collection method of the Mainland subsidiary, which changed from notes to wire transfer in 2022, resulting in a decrease in receivables and an increase in turnover rate in 2022.</li> <li>Increase in return on assets, return on equity, net profit margin, and earnings per share: Mainly due to the increase in after-tax profit or loss, resulting in the increase in these financial indicators.</li> <li>Decrease in cash flow ratio and cash reinvestment ratio: Due to the decrease in net changes in notes and accounts receivable, the decrease in the cash flow from operating activities, resulting in the decrease in cash flow ratio. .</li> </ol>						

## (II) Stand-alone financial analysis for the most recent 5 years - IFRS

Analysis Item		Year	Financial information for the most recent 5 years				
		2023	2022	2021	2020	2019	
Capital structure %	Debts to assets ratio	5.72	5.22	5.57	5.86	7.17	
	Long-term capital to property, plant, and equipment ratio	1,093.09	1,065.47	1,040.04	893.26	742.69	
Liquidity %	Current ratio	603.08	598.60	412.28	310.53	271.86	
	Quick ratio	501.54	451.79	315.20	214.82	156.13	
	Interests coverage multiplier	1,144.25	1,215.69	24,558.71	10,892.80	5,557.21	
Operating performance %	Accounts receivable turnover rate (times)	10.53	7.98	8.20	8.20	7.97	
	Average collection days	35	46	44	45	46	
	Inventory turnover rate (times)	3.82	3.23	3.81	3.45	3.37	
	Accounts payable turnover rate (times)	30.95	29.47	19.22	15.13	20.87	
	Average sales days	96	113	96	106	108	
	Property, plant and equipment turnover rate (times)	3.09	2.39	2.44	1.97	1.60	
	Total assets turnover rate (times)	0.27	0.21	0.24	0.23	0.22	
Profitability %	Return on assets (%)	8.17	4.85	10.26	13.12	13.67	
	Return on equity (%)	8.64	5.12	11.26	14.03	14.76	
	Net profits before tax to paid-in capital ratio (%)	24.51	16.73	29.44	32.17	29.90	
	Net profits margin (%)	30.16	22.52	44.48	58.10	62.59	
	Earnings per share (NT\$)	2.01	1.17	2.52	2.94	2.82	
Cash Flow	Cash flow ratio (%)	159.74	53.77	75.28	41.03	43.14	
	Cash flow adequacy ratio (%)	62.24	51.44	61.77	68.05	91.89	
	Cash reinvestment ratio (%)	1.80	(1.00)	1.99	(2.10)	(1.32)	
Leverage	Operating leverage	1.84	2.41	2.51	3.23	18.15	
	Financial leverage	1.00	1.00	1.00	1.00	1.01	
		<p>Analysis and explanation for items with 20% increase or decrease in the most recent 2 years</p> <ol style="list-style-type: none"> <li>Increase in receivable turnover, property, plant and equipment turnover, total assets turnover, and decrease in average collection days: Due to the increase in sales price and volume compared to last year, and the increase in net sales, which resulted in the increase in the turnover rates and the decrease in the collection days</li> <li>Increase in return on assets, return on equity, net profit before tax to paid-in capital, and earnings per share: Due to the increase in net sales and the increase in pre-tax and after-tax profit, which resulted in the increase in the profitability related turnover rates.</li> <li>Increase in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: Due to the increase in net</li> </ol>					

	<p>sales, pre-tax income, and cash flow from operating activities, which resulted in the increase in the cash flow related ratios.</p> <p>4. Decrease in operating leverage: Due to the increase in operating profit.</p>
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Note: calculation formula:

1. Capital structure
  - (1) Debts to assets ratio = total liabilities/total assets.
  - (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.
2. Liquidity
  - (1) Current ratio = current assets/current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities.
  - (3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period.
3. Operating performance
  - (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
  - (2) Average collection days = 365/accounts receivable turnover rate.
  - (3) Inventory turnover rate = costs of goods sold/average inventory.
  - (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
  - (5) Average sales days = 365/inventory turnover rate.
  - (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment.
  - (7) Total assets turnover rate = net sales/average total assets.
4. Profitability
  - (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets.
  - (2) Return on equity = net profits after tax/average total equity.
  - (3) Net profits margin = net profits after tax/net sales.
  - (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding.
5. Cash Flow:
  - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
  - (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years.
  - (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals).
6. Leverage:
  - (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profits.
  - (2) Financial leverage = operating profits / (operating profits - interest expense).

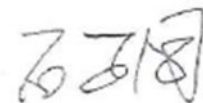
### **III. Audit Committee's review report of the 2023 financial statements**

#### **Audit Committee's review report**

The Board of Directors prepared and presented the Company's 2023 business report, financial statements and earnings distribution proposal. CPAs from PwC have audited the financial statements and have issued an independent auditors' report. The above-mentioned business report, financial statements and earnings distribution proposal have been reviewed by the Audit Committee and no discrepancies have been found and a report was prepared for your review according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

HSING TA CEMENT CO., LTD.

Chairperson, Audit Committee: Zheng-Ting Chen



March 13, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Hsing Ta Cement Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

#### **Occurrence of revenue recognition of cement sales**

##### Description

Please refer to Note 4(28) of the financial statements for accounting policies on revenue recognition and Note 6(16) for details of operating revenue.

The Group's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 6,043,782 thousand, constituting 96.55% of the 2023 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch reports prepared by the cement factory according to actual collection situation. The Group's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures.

Additionally, since the cement sales revenue is material to the financial statements, we consider the occurrence of revenue recognition of cement sales as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Group's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
2. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.
3. Verified the monthly dispatch reports used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch reports, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

***Other matter – Parent company only financial statements***

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended December 31, 2023 and 2022.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

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Lee, Hsiu-Ling

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Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**HSING TA CEMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,930,678	25	\$ 2,767,084	24
1110	Financial assets at fair value through profit or loss - current	6(2)	1,380,895	12	1,007,780	9
1136	Current financial assets at amortised cost	6(3) and 8	224,758	2	624,429	5
1150	Notes receivable, net	6(4)	620,701	5	722,330	6
1170	Accounts receivable, net	6(4)	521,500	5	327,906	3
1200	Other receivables		6,626	-	10,151	-
130X	Inventories	6(5)	928,382	8	1,011,311	9
1410	Prepayments		73,036	1	89,152	1
1470	Other current assets	9(1)	350	-	334	-
11XX	<b>Current assets</b>		<u>6,686,926</u>	<u>58</u>	<u>6,560,477</u>	<u>57</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	232,611	2	182,351	2
1535	Financial assets at amortised cost - non-current	6(3) and 8	227,709	2	240,324	2
1600	Property, plant and equipment	6(6)	2,671,967	23	2,755,243	24
1755	Right-of-use assets	6(7)	159,212	2	172,627	2
1760	Investment property - net	6(9)	1,425,931	12	1,430,487	12
1780	Intangible assets		17,537	-	8,904	-
1840	Deferred income tax assets	6(23)	40,810	-	40,815	-
1920	Guarantee deposits paid		33,451	-	32,956	-
1990	Other non-current assets, others		67,016	1	65,842	1
15XX	<b>Non-current assets</b>		<u>4,876,244</u>	<u>42</u>	<u>4,929,549</u>	<u>43</u>
1XXX	<b>Total assets</b>		<u>\$ 11,563,170</u>	<u>100</u>	<u>\$ 11,490,026</u>	<u>100</u>

(Continued)

**HSING TA CEMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2130	Current contract liabilities	6(16)	\$ 99,616	1	\$ 106,255	1
2150	Notes payable		164,927	1	282,961	2
2160	Notes payable - related parties	7	2,035	-	915	-
2170	Accounts payable		675,743	6	765,076	7
2200	Other payables	6(10) and 7	336,215	3	363,222	3
2230	Current income tax liabilities		99,273	1	101,357	1
2280	Current lease liabilities	6(26)	11,311	-	8,172	-
2399	Other current liabilities, others		2,180	-	1,135	-
21XX	<b>Current Liabilities</b>		<u>1,391,300</u>	<u>12</u>	<u>1,629,093</u>	<u>14</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(23)	70,521	1	88,458	1
2580	Non-current lease liabilities	6(26)	36,522	1	43,301	1
2640	Accrued pension liabilities	6(11)	37,541	-	32,872	-
2670	Other non-current liabilities, others		36,685	-	32,750	-
25XX	<b>Non-current liabilities</b>		<u>181,269</u>	<u>2</u>	<u>197,381</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>1,572,569</u>	<u>14</u>	<u>1,826,474</u>	<u>16</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Share capital - common stock	6(12)	3,411,589	30	3,411,589	30
Capital surplus						
3200	Capital surplus	6(13)	15,697	-	15,644	-
Retained earnings						
3310	Legal reserve	6(14)	1,655,263	14	1,615,360	14
3320	Special reserve		136,484	1	200,753	2
3350	Unappropriated retained earnings		3,091,799	27	2,659,051	23
Other equity interest						
3400	Other equity interest	6(15)	( 193,155)	( 2)	( 136,484)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>8,117,677</u>	<u>70</u>	<u>7,765,913</u>	<u>68</u>
36XX	Non-controlling interest		<u>1,872,924</u>	<u>16</u>	<u>1,897,639</u>	<u>16</u>
3XXX	<b>Total equity</b>		<u>9,990,601</u>	<u>86</u>	<u>9,663,552</u>	<u>84</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 11,563,170</u>	<u>100</u>	<u>\$ 11,490,026</u>	<u>100</u>

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

**HSING TA CEMENT CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(8)(9)(16)	\$ 6,259,864	100	\$ 6,388,338	100
5000	Operating costs	6(21)(22) and 7	( 4,918,790)	( 78)	( 5,138,589)	( 81)
5900	Gross profit		<u>1,341,074</u>	<u>22</u>	<u>1,249,749</u>	<u>19</u>
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		( 143,827)	( 2)	( 121,029)	( 2)
6200	General and administrative expenses		( 208,502)	( 4)	( 217,455)	( 3)
6450	Expected credit losses	12(2)	547	-	( 126)	-
6000	Total operating expenses		<u>( 351,782)</u>	<u>( 6)</u>	<u>( 338,610)</u>	<u>( 5)</u>
6900	Operating profit		<u>989,292</u>	<u>16</u>	<u>911,139</u>	<u>14</u>
	Non-operating income and expenses					
7100	Interest income	6(17)	51,100	1	41,584	1
7010	Other income	6(18)	22,378	-	29,418	-
7020	Other gains and losses	6(19)	50,137	1	11,483	-
7050	Finance costs	6(20)	( 1,289)	-	( 870)	-
7000	Total non-operating income and expenses		<u>122,326</u>	<u>2</u>	<u>81,615</u>	<u>1</u>
7900	<b>Profit before income tax</b>		<u>1,111,618</u>	<u>18</u>	<u>992,754</u>	<u>15</u>
7950	Income tax expense	6(23)	( 304,031)	( 5)	( 475,016)	( 7)
8200	<b>Profit for the year</b>		<u>\$ 807,587</u>	<u>13</u>	<u>\$ 517,738</u>	<u>8</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	(\$ 5,941)	-	\$ 503	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	<u>1,188</u>	<u>-</u>	<u>( 101)</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 85,194)	( 2)	96,675	2
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>( 85,194)</u>	<u>( 2)</u>	<u>96,675</u>	<u>2</u>
8300	<b>Other comprehensive (loss) income for the year</b>		<u>( \$ 89,947)</u>	<u>( 2)</u>	<u>\$ 97,077</u>	<u>2</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 717,640</u>	<u>11</u>	<u>\$ 614,815</u>	<u>10</u>
	Profit, attributable to:					
8610	Owners of the parent		\$ 685,884	11	\$ 399,166	6
8620	Non-controlling interest		<u>121,703</u>	<u>2</u>	<u>118,572</u>	<u>2</u>
			<u>\$ 807,587</u>	<u>13</u>	<u>\$ 517,738</u>	<u>8</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 624,638	10	\$ 463,300	8
8720	Non-controlling interest		<u>93,002</u>	<u>1</u>	<u>151,515</u>	<u>2</u>
			<u>\$ 717,640</u>	<u>11</u>	<u>\$ 614,815</u>	<u>10</u>
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		<u>\$</u>	<u>2.01</u>	<u>\$</u>	<u>1.17</u>
9850	Total diluted earnings per share		<u>\$</u>	<u>2.00</u>	<u>\$</u>	<u>1.16</u>

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent										
		Capital surplus			Retained earnings			Exchange differences on translation of foreign financial statements	Treasury shares	Total	Non-controlling interest	Total equity
		Ordinary share	Treasury share transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings					
<u>2022</u>												
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 663	\$ 1,528,279	\$ 175,551	\$ 2,885,240	(\$ 200,753)	\$ -	\$ 7,830,858	\$ 2,022,314	\$ 9,853,172
Profit for the year		-	-	-	-	-	399,166	-	-	399,166	118,572	517,738
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	(135)	64,269	-	64,134	32,943	97,077
Total comprehensive income		-	-	-	-	-	399,031	64,269	-	463,300	151,515	614,815
Appropriations and distribution of 2021 retained earnings:	6(14)											
Legal reserve appropriated		-	-	-	87,081	-	(87,081)	-	-	-	-	-
Special reserve		-	-	-	-	25,202	(25,202)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(512,937)	-	-	(512,937)	-	(512,937)
Purchase of treasury share	6(12)	-	-	-	-	-	-	-	(15,755)	(15,755)	-	(15,755)
Retirement of treasury share	6(12)	(7,990)	(7,765)	-	-	-	-	-	15,755	-	-	-
Expired unclaimed dividends transferred to capital surplus		-	-	447	-	-	-	-	-	447	-	447
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	-	(276,190)	(276,190)
Balance at December 31		\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913	\$ 1,897,639	\$ 9,663,552
<u>2023</u>												
Balance at January 1		\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913	\$ 1,897,639	\$ 9,663,552
Profit for the year		-	-	-	-	-	685,884	-	-	685,884	121,703	807,587
Other comprehensive income (loss) for the year	6(15)	-	-	-	-	-	(4,575)	(56,671)	-	(61,246)	(28,701)	(89,947)
Total comprehensive income		-	-	-	-	-	681,309	(56,671)	-	624,638	93,002	717,640
Appropriations and distribution of 2022 retained earnings:	6(14)											
Legal reserve appropriated		-	-	-	39,903	-	(39,903)	-	-	-	-	-
Special reserve reversed		-	-	-	-	(64,269)	64,269	-	-	-	-	-
Cash dividends		-	-	-	-	-	(272,927)	-	-	(272,927)	-	(272,927)
Expired unclaimed dividends transferred to capital surplus		-	-	53	-	-	-	-	-	53	-	53
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	-	(117,717)	(117,717)
Balance at December 31		\$ 3,411,589	\$ 14,534	\$ 1,163	\$ 1,655,263	\$ 136,484	\$ 3,091,799	(\$ 193,155)	\$ -	\$ 8,117,677	\$ 1,872,924	\$ 9,990,601

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,111,618	\$ 992,754
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(9)(21)	303,996	308,107
Amortisation expense	6(21)	4,402	3,863
Expected credit losses	12(2)	( 547 )	126
Net gain on financial assets at fair value through profit or loss	6(2)(19)	( 70,896 )	( 136 )
Interest expense	6(20)	1,289	870
Interest income	6(17)	( 51,100 )	( 41,584 )
Dividend revenue	6(18)	( 11,138 )	( 9,985 )
Gain on lease modification	6(7)(19)	( 8 )	( 549 )
Gain (loss) on disposals of property, plant and equipment	6(19)	7,683	1,135
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		101,629	879,030
Accounts receivable, net		( 193,047 )	14,709
Other receivables		938	269
Inventories		82,929	( 103,994 )
Prepayments		16,116	( 26,676 )
Other current assets		( 9,598 )	( 5 )
Changes in operating liabilities			
Current contract liabilities		( 6,639 )	( 29,640 )
Notes payable		( 118,034 )	190,809
Notes payable - related parties		1,120	( 372 )
Accounts payable		( 89,333 )	( 45,874 )
Other payables		( 49,348 )	( 96,057 )
Other current liabilities, others		1,045	( 370 )
Net defined benefit liability		5,166	( 3,228 )
Cash inflow generated from operations		1,038,243	2,033,202
Interest paid		( 1,289 )	( 870 )
Income taxes paid		( 322,221 )	( 538,474 )
Net cash flows from operating activities		<u>714,733</u>	<u>1,493,858</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss	12(3)	(\$ 1,794,332 )	(\$ 1,675,704 )
Proceeds from disposal of financial assets at fair value through profit or loss	12(3)	1,428,874	1,743,398
Acquisition of financial assets at amortised cost		( 384,475 )	( 782,924 )
Proceeds from disposal of financial assets at amortised cost		792,372	285,887
Acquisition of property, plant and equipment (include prepayments for equipment)	6(25)	( 223,252 )	( 252,728 )
Acquisition of investment property	6(9)	( 3,490 )	( 520 )
Proceed from disposal of property, plant and equipment		1,079	4,789
Decrease in refundable deposits		( 495 )	1,205
Decrease in other non-current assets, others		( 320 )	11,783
Interest received		53,687	36,512
Dividends received		11,138	9,985
Net cash flows used in investing activities		( 119,214 )	( 618,317 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Repayments of short-term debt		( 9,170 )	-
Increase in short-term debt		9,170	-
Decrease (increase) in guarantee deposits received	6(26)	4,272	( 6,353 )
Payments of lease liabilities	6(26)	( 3,785 )	( 5,132 )
Cash dividend paid	6(14)	( 272,927 )	( 512,937 )
Dividends paid to non-controlling interests	4(3)	( 117,717 )	( 276,190 )
Expired unclaimed dividends transferred to capital surplus		53	447
Purchase of treasury shares	6(12)	-	( 15,755 )
Net cash flows used in financing activities		( 390,104 )	( 815,920 )
Effect of exchange rate changes on cash and cash equivalents		( 41,821 )	63,620
Net increase in cash and cash equivalents		163,594	123,241
Cash and cash equivalents at beginning of year		2,767,084	2,643,843
Cash and cash equivalents at end of year		<u>\$ 2,930,678</u>	<u>\$ 2,767,084</u>

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Hsing Ta Cement Co., Ltd. (the “Company”) was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and the Company’s shares have been approved by Securities Commission, Ministry of Finance to be listed on October 7, 1991. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in quarrying, processing, warehousing and distribution of minerals, manufacturing, processing, warehousing and distribution of limestone chemicals, cement products and limestone related industry, treatment of general waste, sales and leasing of real estate, consultancy of building management, etc.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 13, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)	
			December 31, 2023	December 31, 2022
The Company	Soaring Power Corp. (SPC)	Overseas investment	66.67	66.67
SPC	Jiangsu Xinning New Building Materials Co., Ltd. (XN)	Manufacturing of new building materials, new special cement clinker, silicate cement clinker, general cement and special cement, mineral powder, stone, commercial concrete and cement products; recycling and wholesale of recycled materials; treatment and recycling of sewage; sales of self-produced products and provide related supporting services	100.00	100.00
The Company	Synergy Development Co., Ltd ( Synergy )	Agency service of real estates, etc.	98.00	98.00
The Company	Hsin I Ready Mixed Concrete Co., Ltd. (HSIN I)	Manufacturing and sales of concrete	55.20	55.20
XN	Nanjing Xinrong New Green Materials Co., Ltd. (Nanjing Xinrong)	Research and development of new environmental protection materials, technology promotion services; development and service of energy conservation and environmental protection technology; manufacturing of special equipment for environmental protection; promotion services of environmental protection technologies and energy conservation technologies; manufacturing and wholesale of non-metallic ore and products; wholesale of chemical products (excluding hazardous chemicals); fine processing of non-metallic ore	52.72	52.72
XN	Jiangsu Xinning New Building Materials Trading CO.,Ltd (Xinning Trading)	Sales of cement products, building materials, light building materials, building decoration materials, asbestos products and ecological environment material as well as research and development of new material technology	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2023 and 2022, the non-controlling interest amounted to \$1,872,924 and \$1,897,639, respectively. The information on non-controlling interest and respective subsidiary is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2023		December 31, 2022	
		Amount	Ownership (%)	Amount	Ownership (%)
HSIN I	Taiwan	\$ 277,835	44.80%	\$ 237,865	44.80%
SPC	Virgin Islands	1,582,801	33.33%	1,646,356	33.33%

Summarised financial information of the subsidiaries:

Balance sheets

	HSIN I	
	December 31, 2023	December 31, 2022
Current assets	\$ 472,041	\$ 324,303
Non-current assets	334,523	324,614
Current liabilities	( 184,137)	( 114,716)
Non-current liabilities	( 2,259)	( 3,253)
Total net assets	\$ 620,168	\$ 530,948

	SPC-Consolidated	
	December 31, 2023	December 31, 2022
Current assets	\$ 3,892,328	\$ 4,339,120
Non-current assets	1,800,522	1,923,700
Current liabilities	( 864,338)	( 1,232,915)
Non-current liabilities	( 68,666)	( 78,230)
Total net assets	<u>\$ 4,759,846</u>	<u>\$ 4,951,675</u>
<u>Statements of comprehensive income</u>		

	HSIN I	
	Year ended December 31	
	2023	2022
Revenue	\$ 887,394	\$ 533,225
Profit before income tax	115,361	42,456
Income tax expense	( 25,743)	( 9,500)
Profit for the year from continuing operations	89,618	32,956
Profit for the year	89,618	32,956
Other comprehensive (loss) income, net of tax	( 398)	1,198
Total comprehensive income for the year	<u>\$ 89,220</u>	<u>\$ 34,154</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 39,971</u>	<u>\$ 15,301</u>
Dividends paid to non-controlling interest	<u>\$ -</u>	<u>\$ -</u>

	SPC-Consolidated	
	Year ended December 31	
	2023	2022
Revenue	\$ 3,249,351	\$ 4,174,752
Profit before income tax	373,606	614,068
Income tax expense	( 126,153)	( 292,552)
Profit for the year from continuing operations	247,453	321,516
Profit for the year	247,453	321,516
Other comprehensive (loss) income , net of tax	( 84,985)	96,440
Total comprehensive income for the year	<u>\$ 162,468</u>	<u>\$ 417,956</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 54,163</u>	<u>\$ 139,332</u>
Dividends paid to non-controlling interest	<u>\$ 117,717</u>	<u>\$ 276,190</u>

Statements of cash flows

	HSIN I	
	Year ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 134	\$ 65,090
Net cash used in investing activities	( 35,930)	( 45,401)
Net cash used in financing activities	( 1,128)	( 1,105)
Decrease (Increase) in cash and cash equivalents	( 36,924)	18,584
Cash and cash equivalents, beginning of year	96,112	77,528
Cash and cash equivalents, end of year	\$ 59,188	\$ 96,112
	SPC-Consolidated	
	Year ended December 31	
	2023	2022
Net cash provided by operating activities	\$ 572,041	\$ 1,293,333
Net cash used in investing activities	( 38,450)	( 580,553)
Net cash used in financing activities	( 790,273)	( 791,862)
Effect of exchange rates on cash and cash equivalents	( 32,079)	34,674
Decrease in cash and cash equivalents	( 288,761)	( 44,408)
Cash and cash equivalents, beginning of year	1,529,713	1,574,121
Cash and cash equivalents, end of year	\$ 1,240,952	\$ 1,529,713

(4) Foreign currency translation

All Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the associates and group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity), but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	8 ~ 60 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	4 ~ 15 years
Office equipment	3 ~ 15 years
Other equipment	2 ~ 20 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- Fixed payments, less any lease incentives receivable;
  - Variable lease payments that depend on an index or a rate;
  - Amounts expected to be payable by the lessee under residual value guarantees;

- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
  - (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date; and
  - (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 55 years.

(18) Intangible assets

- A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 to 10 years.
- B. Patent is amortised using the straight-line method over its estimated economic service life of 20 years.

(19) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
  - iii. Past service costs are recognised immediately in profit or loss.
- C. Employees' compensation and directors' and supervisors' remuneration
- Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of cement

The Group manufactures and sells limestone chemicals, cement and limestone related products. Sales are recognised when control of the products has transferred to customers, the consideration is taking into account of business tax, returns, rebates and discounts. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Recycle process revenue

The Group provides waste treatment services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue were determined by multiplying the amount of waste which had been actually processed as of the balance sheet date by unit price of contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payment exceeds the services rendered , a contract liability is recognized.

C. Rental revenue

The Group follows the guidance of IFRS 16 'Leases' to recognise revenue from the leasing of property. Leases are operating lease according to the extent of transition of risks and rewards of ownership. Revenue is recognised through the period of leases.

(29) Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to cost of land use right are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related land use right as reduced depreciation expense.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 1,636	\$ 1,232
Checking accounts	196,100	133,498
Demand deposits	1,996,421	1,880,727
Time deposits	<u>1,188,988</u>	<u>1,616,380</u>
	3,383,145	3,631,837
Less: Time deposits pledged	( 261,657)	( 318,873)
Time deposits that are not held for the purpose of meeting short-term cash commitments in operations	<u>( 190,810)</u>	<u>( 545,880)</u>
	<u>\$ 2,930,678</u>	<u>\$ 2,767,084</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Group's certain time deposits pledged, shown as 'current financial assets at amortised cost' related to issued notes payable, are provided in Note 8.
- C. The Group recognised certain time deposits as 'current financial assets at amortised cost' as they are not held for the purpose of meeting short-term cash commitments in operations.
- D. Details of the Group's certain time deposits pledged, shown as 'non-current financial assets at amortised cost' related to guarantee for mining land and deposits for construction, are provided in Note 8.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	\$ 38,916	\$ 38,916
Foreign listed stocks	2,549	2,549
RMB financial products	1,346,396	969,760
	1,387,861	1,011,225
Valuation adjustment	( 6,966)	( 3,445)
	\$ 1,380,895	\$ 1,007,780
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic unlisted shares	\$ 63,688	\$ 63,688
Valuation adjustment	168,923	118,663
	\$ 232,611	\$ 182,351

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 46,739	(\$ 22,007)
RMB financial products	24,157	22,143
	\$ 70,896	\$ 136

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits maturing over three months	\$ 190,810	\$ 545,880
Time deposits pledged	33,948	78,549
	\$ 224,758	\$ 624,429
Non-current items :		
Time deposits pledged	\$ 227,709	\$ 240,324

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2023	2022
Interest income	\$ 15,383	\$ 2,922

- B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$452,467 and \$864,753, respectively.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposit are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 620,701	\$ 722,330
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 620,701</u>	<u>\$ 722,330</u>
Accounts receivable	\$ 522,053	\$ 329,203
Less: Allowance for uncollectible accounts	( 553)	( 1,297)
	<u>\$ 521,500</u>	<u>\$ 327,906</u>

- A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 620,701	\$ 520,762	\$ 722,330	\$ 313,496
Up to 30 days	-	549	-	746
31 to 90 days	-	105	-	13,356
91 to 180 days	-	202	-	173
Over 180 days	-	435	-	1,432
	<u>\$ 620,701</u>	<u>\$ 522,053</u>	<u>\$ 722,330</u>	<u>\$ 329,203</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,601,360 and \$342,742, respectively.
- C. As of December 31, 2023 and 2022, the Group's Mainland China subsidiary had notes receivable that were endorsed and transferred to suppliers as payment, which had not reached maturity and were not derecognised, amounting to \$370,177 and \$419,106 (RMB \$85,551 thousand and RMB 95,079 thousand), respectively. The Group's Mainland China subsidiary has the obligation to pay as the endorser if the issuer or acceptor of a note refused to pay at maturity.
- D. Notes receivable of the Group's Mainland China subsidiary are bank acceptances which are accepted and guaranteed by the banks. As of December 31, 2023 and 2022, bank acceptances amounted to \$474,646 and \$602,327, respectively.

E. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$620,701 and \$722,330; \$521,500 and \$327,906, respectively.

F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 444,877	\$ -	\$ 444,877
Supplies	306,572	( 552)	306,020
Work in progress	72,749	-	72,749
Finished goods	104,736	-	104,736
	<u>\$ 928,934</u>	<u>(\$ 552)</u>	<u>\$ 928,382</u>
	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 470,082	\$ -	\$ 470,082
Supplies	303,976	( 578)	303,398
Work in progress	137,145	-	137,145
Finished goods	100,686	-	100,686
	<u>\$ 1,011,889</u>	<u>(\$ 578)</u>	<u>\$ 1,011,311</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 4,865,246	\$ 5,060,994
Underapplied overheads	22,662	48,645
Gain on reversal of decline in market value	( 26)	( 407)
	<u>\$ 4,887,882</u>	<u>\$ 5,109,232</u>

(6) Property, plant and equipment

2023

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
	<u>Owner-occupied</u>	<u>Owner-occupied</u>	<u>Owner-occupied</u>	<u>Owner-occupied</u>	<u>Owner-occupied</u>	<u>Owner-occupied</u>		
At January 1								
Cost	\$ 555,941	\$ 2,120,524	\$ 5,499,058	\$ 201,396	\$ 142,484	\$ 95,156	\$ 164,980	\$ 8,779,539
Accumulated depreciation and impairment	-	( 1,107,397)	( 4,596,056)	( 163,802)	( 68,553)	( 88,488)	-	( 6,024,296)
	<u>\$ 555,941</u>	<u>\$ 1,013,127</u>	<u>\$ 903,002</u>	<u>\$ 37,594</u>	<u>\$ 73,931</u>	<u>\$ 6,668</u>	<u>\$ 164,980</u>	<u>\$ 2,755,243</u>
Opening net book amount as at January 1	\$ 555,941	\$ 1,013,127	\$ 903,002	\$ 37,594	\$ 73,931	\$ 6,668	\$ 164,980	\$ 2,755,243
Additions	-	13,054	125,615	27,844	24,877	28,089	21,165	240,644
Disposals	( 24)	( 687)	( 5,894)	( 2,129)	( 28)	-	-	( 8,762)
Reclassifications	-	48,863	98,865	330	9,833	4,015	( 161,906)	-
Depreciation charge	-	( 57,511)	( 191,696)	( 12,407)	( 20,574)	( 2,437)	-	( 284,625)
Net exchange differences	-	( 16,534)	( 11,732)	( 318)	( 1,483)	-	( 466)	( 30,533)
Closing net book amount as at December 31	<u>\$ 555,917</u>	<u>\$ 1,000,312</u>	<u>\$ 918,160</u>	<u>\$ 50,914</u>	<u>\$ 86,556</u>	<u>\$ 36,335</u>	<u>\$ 23,773</u>	<u>\$ 2,671,967</u>
At December 31								
Cost	\$ 555,917	\$ 2,156,806	\$ 5,681,269	\$ 214,929	\$ 169,281	\$ 127,259	\$ 23,773	\$ 8,929,234
Accumulated depreciation and impairment	-	( 1,156,494)	( 4,763,109)	( 164,015)	( 82,725)	( 90,924)	-	( 6,257,267)
	<u>\$ 555,917</u>	<u>\$ 1,000,312</u>	<u>\$ 918,160</u>	<u>\$ 50,914</u>	<u>\$ 86,556</u>	<u>\$ 36,335</u>	<u>\$ 23,773</u>	<u>\$ 2,671,967</u>

## 2022

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction	Total
	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1								
Cost	\$ 554,791	\$ 2,079,549	\$ 5,406,897	\$ 209,878	\$ 105,811	\$ 95,156	\$ 25,558	\$ 8,477,640
Accumulated depreciation and impairment	-	( 1,041,077)	( 4,392,047)	( 161,865)	( 51,992)	( 86,222)	-	( 5,733,203)
	<u>\$ 554,791</u>	<u>\$ 1,038,472</u>	<u>\$ 1,014,850</u>	<u>\$ 48,013</u>	<u>\$ 53,819</u>	<u>\$ 8,934</u>	<u>\$ 25,558</u>	<u>\$ 2,744,437</u>
Opening net book amount as at January 1	\$ 554,791	\$ 1,038,472	\$ 1,014,850	\$ 48,013	\$ 53,819	\$ 8,934	\$ 25,558	\$ 2,744,437
Additions	1,150	31,772	66,088	3,030	37,670	-	139,586	279,296
Disposals	-	( 705)	( 4,799)	( 35)	( 385)	-	-	( 5,924)
Reclassifications	-	( 9,072)	9,072	( 46)	46	-	-	-
Depreciation charge	-	( 61,060)	( 193,840)	( 13,683)	( 17,941)	( 2,266)	-	( 288,790)
Net exchange differences	-	13,720	11,631	315	722	-	( 164)	26,224
Closing net book amount as at December 31	<u>\$ 555,941</u>	<u>\$ 1,013,127</u>	<u>\$ 903,002</u>	<u>\$ 37,594</u>	<u>\$ 73,931</u>	<u>\$ 6,668</u>	<u>\$ 164,980</u>	<u>\$ 2,755,243</u>
At December 31								
Cost	\$ 555,941	\$ 2,120,524	\$ 5,499,058	\$ 201,396	\$ 142,484	\$ 95,156	\$ 164,980	\$ 8,779,539
Accumulated depreciation and impairment	-	( 1,107,397)	( 4,596,056)	( 163,802)	( 68,553)	( 88,488)	-	( 6,024,296)
	<u>\$ 555,941</u>	<u>\$ 1,013,127</u>	<u>\$ 903,002</u>	<u>\$ 37,594</u>	<u>\$ 73,931</u>	<u>\$ 6,668</u>	<u>\$ 164,980</u>	<u>\$ 2,755,243</u>

- A. The significant components of buildings and structures include office, factory road maintenance construction, inventory warehouse as well as firefighting and air conditioning equipment, which are depreciated over 30 to 60, 30, 30 to 45 and 8 years, respectively.
- B. As the land with book value of \$65,142 in Wulaokeng Sec., Su'ao Township is a farmland, therefore, the title to the land is temporarily registered to a natural person. However, the Company has set the pledge of land ownership to itself in order to protect its rights.

(7) Leasing arrangements - lessee

A. The Group leases various assets including land and office. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leased assets may not be used as security for borrowing purposes nor the rights to be transferred to others through business transfer or combination.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land - land use right	\$ 121,984	\$ 128,795
Land - mining land	34,215	38,541
Other equipment	<u>3,013</u>	<u>5,291</u>
	<u>\$ 159,212</u>	<u>\$ 172,627</u>

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land - land use right	\$ 4,571	\$ 4,594
Land - mining land	4,047	4,116
Other equipment	<u>2,707</u>	<u>2,707</u>
	<u>\$ 11,325</u>	<u>\$ 11,417</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$428 and \$33,051, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,095	\$ 870
Expense on short-term lease contracts	1,906	1,850
Expense on leases of low-value assets	127	110
Gain on lease modification	8	549

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$6,913 and \$7,962, respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Leasing arrangements - lessor

- A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, nor be subleased, lent, sold or granted fully or partially in any different form to the third parties.
- B. For the years ended December 31, 2023 and 2022, the Group recognised rent income in the amounts of \$49,526 and \$41,633, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023			December 31, 2022	
2024	\$	49,225	2023	\$	49,039
2025		48,459	2024		46,588
2026		47,929	2025		46,117
2027		40,028	2026		45,674
After 2028		184,209	After 2027		207,670
	\$	<u>369,850</u>		\$	<u>395,088</u>

(9) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,199,934	\$ 377,174	\$ 1,577,108
Accumulated depreciation	-	( 146,621)	( 146,621)
	<u>\$ 1,199,934</u>	<u>\$ 230,553</u>	<u>\$ 1,430,487</u>
Opening net book amount as at January 1	\$ 1,199,934	\$ 230,553	\$ 1,430,487
Additions	-	3,490	3,490
Depreciation charge	-	( 8,046)	( 8,046)
Closing net book amount as at December 31	<u>\$ 1,199,934</u>	<u>\$ 225,997</u>	<u>\$ 1,425,931</u>
At December 31			
Cost	\$ 1,199,934	\$ 380,664	\$ 1,580,598
Accumulated depreciation	-	( 154,667)	( 154,667)
	<u>\$ 1,199,934</u>	<u>\$ 225,997</u>	<u>\$ 1,425,931</u>

	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,199,934	\$ 381,962	\$ 1,581,896
Accumulated depreciation	-	( 144,029)	( 144,029)
	<u>\$ 1,199,934</u>	<u>\$ 237,933</u>	<u>\$ 1,437,867</u>
Opening net book amount as at January 1	\$ 1,199,934	\$ 237,933	\$ 1,437,867
Additions	-	520	520
Depreciation charge	-	( 7,900)	( 7,900)
Closing net book amount as at December 31	<u>\$ 1,199,934</u>	<u>\$ 230,553</u>	<u>\$ 1,430,487</u>
At December 31			
Cost	\$ 1,199,934	\$ 377,174	\$ 1,577,108
Accumulated depreciation	-	( 146,621)	( 146,621)
	<u>\$ 1,199,934</u>	<u>\$ 230,553</u>	<u>\$ 1,430,487</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2023	2022
Rental income from investment property	<u>\$ 49,526</u>	<u>\$ 41,633</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 19,760</u>	<u>\$ 19,503</u>

B. The fair value of the investment property held by the Group was \$6,260,362 and \$6,263,430 as of December 31, 2023 and 2022, respectively, which was based on the result that fair value is Level 1 or Level 2 of the management in reference to the appraisal report valued by independent valuers or internal valuation. The details of the valuation methods are as follows:

- (a) Land development analysis: Estimate the total selling price after development or construction on land based on the purpose of land's legal usage, land usage intensity and changes in land use efficiency from land development and improvements, less related costs and profit during the construction period to calculate the land price before development or construction on land.
- (b) Comparison method: Select appropriate comparable cases by using logical reasoning methods or rule of thumb in an objective manner, and implement condition adjustments and date adjustments as necessary, as well as compare local factors with individual factors to obtain a calculation of price on properties.

- (c) Direct capitalisation method of income approach: The Group adjusts the factors that affect the price of the subject property through the differences due to the local factors and individual factors between the comparable properties and the subject property to obtain the reasonable rents of the subject property; and calculates the effective gross income with deduction of the related expenses, then use an appropriate capitalisation rate to obtain the income value of the subject property.
- (d) The Group estimates the value of the subject property by comprehensive consideration of transaction prices from sales through agents of the neighbouring comparable properties which possess the same nature and have similar characteristics and the transaction prices of real estate from the Ministry of Interior.
- C. On June 19, 2000, the Company was approved to develop the land with book value of \$673,413 in Guanxi by the Tai 89 Nei-Ying-Zi Letter No. 8983677 issued by Construction and Planning Agency Ministry of the Interior through the submitted application of ‘Integrated Development and Construction Plan of Hsing Ta Guanxi Community’. However, the titles to certain land, categorised as cultivated land, were temporarily registered to natural persons and shall be subsequently registered to the Company after the land is categorised as non-cultivated land in accordance with laws as the Company signed trust deeds with each individual natural person. The Company has set the pledge of land ownership to itself in order to protect its rights.
- D. On May 25, 2020, the Company entered into a joint construction agreement with CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. (CHAINQUI). Under the agreement, the Company provides the above-land structures and land located in No. 602-1 and 603, 2nd Subsec., Chengzhong Sec., Zhongzheng Dist., Taipei City, and CHAINQUI provides construction fund for the building construction.

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages and salaries payable	\$ 182,277	\$ 200,402
Other accrued expense	102,125	129,679
Business tax payable	23,910	24,542
Payables on equipment and construction	24,996	2,655
Other payables, others	2,907	5,944
	<u>\$ 336,215</u>	<u>\$ 363,222</u>

(11) Pensions

A. (a) The Company and HSIN I have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.

The Company and its domestic subsidiaries contribute monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 172,921)	(\$ 175,875)
Fair value of plan assets	<u>135,380</u>	<u>143,003</u>
Net defined benefit liability	<u>(\$ 37,541)</u>	<u>(\$ 32,872)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	(\$ 175,875)	\$ 143,003	(\$ 32,872)
Current service cost	( 1,283)	-	( 1,283)
Interest (expense) income	( 2,287)	1,859	( 428)
	<u>( 179,445)</u>	<u>144,862</u>	<u>( 34,583)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	678	678
Change in demographic assumptions	-	-	-
Change in financial assumptions	( 1,491)	-	( 1,491)
Experience adjustments	( 5,128)	-	( 5,128)
	<u>( 6,619)</u>	<u>678</u>	<u>( 5,941)</u>
Pension fund contribution	-	2,983	2,983
Paid pension	<u>13,143</u>	<u>( 13,143)</u>	<u>-</u>
At December 31	<u>(\$ 172,921)</u>	<u>\$ 135,380</u>	<u>(\$ 37,541)</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 198,092)	\$ 163,490	(\$ 34,602)
Current service cost	( 1,541)	-	( 1,541)
Interest (expense) income	( 1,387)	1,144	( 243)
	<u>( 201,020)</u>	<u>164,634</u>	<u>( 36,386)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	12,875	12,875
Change in demographic assumptions	-	-	-
Change in financial assumptions	9,923	-	9,923
Experience adjustments	( 22,295)	-	( 22,295)
	<u>( 12,372)</u>	<u>12,875</u>	<u>503</u>
Pension fund contribution	-	3,011	3,011
Paid pension	37,517	( 37,517)	-
At December 31	<u>(\$ 175,875)</u>	<u>\$ 143,003</u>	<u>(\$ 32,872)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and HSIN I's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and HSIN I have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.2%	1.3%
Future salary increases	1.0%	1.0%

Assumptions regarding future mortality experience are set based on future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 3,694)	\$ 3,811	\$ 3,373	(\$ 3,291)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 3,912)	\$ 4,041	\$ 3,598	(\$ 3,507)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$2,822.
- (g) As of December 31, 2023, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 9,872
1-2 year(s)	9,310
2-5 years	36,335
Over 5 years	60,268
	<u>\$ 115,785</u>

- B. (a) Effective July 1, 2005, the Company and HSIN I have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and HSIN I contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The Company's mainland China subsidiary, XN, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022, was 16% and 16%, respectively. Other than the monthly contributions, the Group has no further obligations.
- (c) SPC, Synergy and Xinning Trading have no relevant employee retirement plan since they do not have any employee.
- (d) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were \$22,767 and \$22,105, respectively.

(12) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$5,400,000, consisting of 540,000 thousand shares, and the paid-in capital was \$3,411,589 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Treasury shares

- (a) To enhance the Company's credit rating and the stockholders' equity, on May 20, 2022, the Board of Directors resolved to repurchase the Company's shares from Stock Exchange Market amounting to 6,839 thousand shares at a price between \$15 to \$23 (in dollars) per share during the period from May 23, 2022 to July 22, 2022. The accumulated actual repurchased treasury shares during the period amounted to 799 thousand shares with the amount of \$15,755, which is equivalent to 0.23% ownership of the total issued shares.
- (b) On August 11, 2022, the Board of Directors of the Company resolved to retire the above repurchased treasury shares and the effective date of capital reduction was set on August 31, 2022. On September 14, 2022, the capital reduction had been approved by the competent authority and the registration of retirement of shares had been completed.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When setting aside special reserve or retained when necessary, the Board of Directors shall present the distribution of the remaining earnings, if any, along with prior accumulated undistributed earnings for the approval of the stockholders at the stockholders' meetings.
- B. The Company's dividend policy is summarised below:  
The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. If legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is no longer required to be set aside, and the special reserve could be set aside or reversed in accordance with relevant laws and regulations where necessary. The Board of Directors should propose the distribution including distribution ratios of the remaining earnings along with accumulated unappropriated retained earnings from prior periods for the approval of the shareholders. The dividends shall be distributed, in the form of cash, based on the distributable earnings for current year after reserving required funds in line with the long-term financial planning and investment or major capital budget planning, no less than one third of accumulated distributable earnings of the Company.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.  
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The appropriations of earnings of years 2022 and 2021 as resolved by the stockholders at their meetings on June 20, 2023 and June 22, 2022 are as follows:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 39,903		\$ 87,081	
(Reversal of) special reserve	( 64,269)		25,202	
Cash dividends	272,927	\$ 0.80	512,937	\$ 1.50

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
	Legal reserve	\$ 68,131
Special reserve	56,671	
Cash dividends	409,391	\$ 1.20

The aforementioned appropriation of retained earnings for 2023 has not been resolved by the shareholders. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the shareholders' will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(15) Other equity items

	2023	
	Currency translation	Total
At January 1	(\$ 136,484)	(\$ 136,484)
Currency translation differences:		
- Group	( 56,671)	( 56,671)
At December 31	(\$ 193,155)	(\$ 193,155)

	2022	
	Currency translation	Total
At January 1	(\$ 200,753)	(\$ 200,753)
Currency translation differences:		
- Group	64,269	64,269
At December 31	(\$ 136,484)	(\$ 136,484)

(16) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	\$ 6,210,338	\$ 6,346,705
Others - rental revenue	49,526	41,633
	<u>\$ 6,259,864</u>	<u>\$ 6,388,338</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services in the following major product lines and geographical regions:

Year ended	Taiwan		China			Total
	Cement	Revenue from recycling and treatment	Cement	Revenue from recycling and treatment	Others	
<u>December 31, 2023</u>						
Revenue from external customer contracts	<u>\$ 2,882,763</u>	<u>\$ 78,224</u>	<u>\$ 3,161,019</u>	<u>\$ 88,059</u>	<u>\$ 273</u>	<u>\$ 6,210,338</u>

Year ended	Taiwan		China			Total
	Cement	Revenue from recycling and treatment	Cement	Revenue from recycling and treatment	Others	
<u>December 31, 2022</u>						
Revenue from external customer contracts	<u>\$ 2,104,544</u>	<u>\$ 67,409</u>	<u>\$ 4,073,506</u>	<u>\$ 100,352</u>	<u>\$ 894</u>	<u>\$ 6,346,705</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities – revenue from cement sales in advance	<u>\$ 99,616</u>	<u>\$ 106,255</u>	<u>\$ 135,895</u>

Revenue recognised that was included in the contract liability balance at the beginning of the year

	Year ended December 31	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Cement sales contracts	<u>\$ 87,485</u>	<u>\$ 121,759</u>

(17) Interest income

	Year ended December 31	
	2023	2022
Interest income from bank deposits	\$ 35,703	\$ 38,655
Interest income from financial assets measured at amortised cost	15,383	2,922
Other interest income	14	7
	<u>\$ 51,100</u>	<u>\$ 41,584</u>

(18) Other income

	Year ended December 31	
	2023	2022
Dividend income	\$ 11,138	\$ 9,985
Other income	11,240	19,433
	<u>\$ 22,378</u>	<u>\$ 29,418</u>

(19) Other gains and losses

	Year ended December 31	
	2023	2022
Net gains on financial assets at fair value through profit or loss	\$ 70,896	\$ 136
Net foreign exchange (loss) gain	( 12,489)	12,381
Loss on disposals of property, plant and equipment	( 7,683)	( 1,135)
Gain arising from lease modifications	8	549
Miscellaneous disbursements	( 595)	( 448)
	<u>\$ 50,137</u>	<u>\$ 11,483</u>

(20) Finance costs

	Year ended December 31	
	2023	2022
Interest expense		
Bank loan	\$ 194	\$ -
Lease liabilities	1,095	870
	<u>\$ 1,289</u>	<u>\$ 870</u>

(21) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	\$ 553,616	\$ 547,168
Depreciation charges on property, plant and equipment as well as investment property	292,671	296,690
Depreciation charges on right-of-use assets	11,325	11,417
Amortisation charges	4,402	3,863
Operating cost and operating expenses	<u>\$ 862,014</u>	<u>\$ 859,138</u>

(22) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 400,972	\$ 387,713
Labour and health insurance fees	34,473	34,081
Pension costs	24,478	23,889
Directors' remuneration	54,411	64,397
Other personnel expenses	39,282	37,088
	<u>\$ 553,616</u>	<u>\$ 547,168</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1% to 3% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$17,830 and \$12,172, respectively; while directors' and supervisors' remuneration was accrued at \$35,660 and \$24,346, respectively.

Employees' compensation and directors' and supervisors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 309,161	\$ 390,095
Tax on undistributed surplus earnings	7,052	13,135
Prior year income tax under (over) estimation	4,562	( 7,995)
Total current tax	<u>320,775</u>	<u>395,235</u>
Deferred tax:		
Origination and reversal of temporary differences	( 16,744)	79,781
Total deferred tax	<u>( 16,744)</u>	<u>79,781</u>
Income tax expense	<u>\$ 304,031</u>	<u>\$ 475,016</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	\$ 1,188	(\$ 101)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 351,761	\$ 483,805
Tax adjustment by tax regulation	( 59,206)	( 13,848)
Tax losses not recognised as deferred tax assets	( 138)	( 81)
Prior year income tax underestimation	4,562	( 7,995)
Tax on undistributed earnings	7,052	13,135
Income tax expense	\$ 304,031	\$ 475,016

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	\$ 17,858	\$ 670	\$ -	\$ 18,528
Unrealised exchange loss	2,801	( 776)	-	2,025
Unrealised gross profit from sales	51	43	-	94
Loss on doubtful debts	531	( 148)	-	383
Loss on inventory decline in market value	114	( 4)	-	110
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	12,903	1	-	12,904
Impairment loss on machinery and equipment	3,775	-	-	3,775
Unrealised expenses	46	33	-	79
Employee benefits/ welfare	-	176	-	176
	<u>40,815</u>	<u>( 5)</u>	<u>-</u>	<u>40,810</u>
Deferred tax liabilities:				
Remeasurement of defined benefit obligations	( 6,329)	( 255)	1,188	( 5,396)
Foreign Subsidiaries's investment income	( 82,129)	17,004	-	( 65,125)
	<u>( 88,458)</u>	<u>16,749</u>	<u>1,188</u>	<u>( 70,521)</u>
	<u>(\$ 47,643)</u>	<u>\$ 16,744</u>	<u>\$ 1,188</u>	<u>(\$ 29,711)</u>

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	\$ 16,117	\$ 1,741	\$ -	\$ 17,858
Unrealised exchange loss	1,962	839	-	2,801
Unrealised gross profit from sales	27	24	-	51
Loss on doubtful debts	506	25	-	531
Loss on inventory decline in market value	196	( 82)	-	114
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	13,233	( 330)	-	12,903
Impairment loss on machinery and equipment	3,775	-	-	3,775
Unrealised expenses	-	46	-	46
	<u>38,552</u>	<u>2,263</u>	<u>-</u>	<u>40,815</u>
Deferred tax liabilities:				
Remeasurement of defined benefit obligations	( 6,313)	85	( 101)	( 6,329)
Foreign Subsidiaries's investment income	-	( 82,129)	-	( 82,129)
	<u>( 6,313)</u>	<u>( 82,044)</u>	<u>( 101)</u>	<u>( 88,458)</u>
	<u>\$ 32,239</u>	<u>(\$ 79,781)</u>	<u>(\$ 101)</u>	<u>\$ 47,643</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	<u>\$ 21,765</u>	<u>\$ 14,509</u>	<u>\$ 14,509</u>	2028

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	<u>\$ 21,765</u>	<u>\$ 15,201</u>	<u>\$ 15,201</u>	2028

E. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 685,884	341,159	\$ 2.01
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 685,884	341,159	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,113	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 685,884	342,272	\$ 2.00
	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 399,166	341,691	\$ 1.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 399,166	341,691	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,029	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 399,166	342,720	\$ 1.16

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 240,644	\$ 279,296
Add: Opening balance of payable on equipment	2,655	4,005
Less: Ending balance of payable on equipment	( 24,996)	( 2,655)
Add: Ending balance of prepayments for business facilities	17,751	12,802
Less: Opening balance of prepayments for business facilities	( 12,802)	( 40,720)
Cash paid during the year	\$ 223,252	\$ 252,728

(26) Changes in liabilities from financing activities

	2023		
	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 32,750	\$ 51,473	\$ 84,223
Changes in cash flow from financing activities	4,272	( 3,785)	487
Changes in other non-cash items	-	428	428
Impact of changes in foreign exchange rate	( 337)	( 283)	( 620)
At December 31	<u>\$ 36,685</u>	<u>\$ 47,833</u>	<u>\$ 84,518</u>

	2022		
	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 38,764	\$ 24,750	\$ 63,514
Changes in cash flow from financing activities	( 6,353)	( 5,132)	( 11,485)
Changes in other non-cash items	-	31,632	31,632
Impact of changes in foreign exchange rate	339	223	562
At December 31	<u>\$ 32,750</u>	<u>\$ 51,473</u>	<u>\$ 84,223</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chyn Da Freight Co., Ltd.	An entity controlled by key management personnel
Defu Trading Co., Ltd.	An entity controlled by key management personnel
Yang Tang Hai Charity Foundation	An entity controlled by key management personnel
Taiwan Ooparts Co., Ltd.	Other related party
Turbo Capital Co., Ltd.	Other related party
House Eco Lohas Co., Ltd.	Other related party
Yang Jee Shing	Key management personnel of the Group

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	2023	2022
Sales of services:		
Entities controlled by key management personnel (rental services)	<u>\$ 24</u>	<u>\$ 24</u>

Services are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases, operating cost and operating expenses

	Year ended December 31	
	2023	2022
Purchases of services:		
Entities controlled by key management personnel (delivery service)	\$ 18,443	\$ 11,059
Entities controlled by key management personnel (rental services)	1,704	1,680
	<u>\$ 20,147</u>	<u>\$ 12,739</u>

Services are purchased from entities controlled by key management personnel on normal commercial terms and conditions.

C. Payables to related parties

	December 31, 2023	December 31, 2022
Notes payable:		
Entities controlled by key management personnel	\$ 2,035	\$ 915
Other payables:		
Entities controlled by key management personnel	2,326	1,031
	<u>\$ 4,361</u>	<u>\$ 1,946</u>

The payables to related parties arise mainly from purchase of services. The payables bear no interest.

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 68,752	\$ 73,402
Post-employment benefits	255	404
	<u>\$ 69,007</u>	<u>\$ 73,806</u>

## 8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as 'current financial assets at amortised cost')	\$ 33,948	\$ 78,549	Guarantees for notes payable
Time deposits (shown as 'non-current financial assets at amortised cost')			Guarantee for mining land and deposits for construction
	<u>227,709</u>	<u>240,324</u>	
	<u>\$ 261,657</u>	<u>\$ 318,873</u>	

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

None

### (2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet recognised is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>31,520</u>	<u>71,401</u>

B. The amount of unused outstanding letters of credit for the importation of raw materials of the Company for the year ending December 31, 2023 is as follows:

	<u>Monetary Item</u>	<u>Foreign Currency Amount</u> <u>(In thousands)</u>
Letters of credit	JYP	\$ 31,500
	RMB	2,500

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Balance Sheet Date

The distribution of 2023 earnings was resolved by the Company's Board of Directors on March 13, 2024. Please refer to Note 6(14) for related resolutions.

## 12. Others

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The management reviews the Group's capital structure periodically and considers the costs and risks involved for a particular capital structure. Generally, the Group adopts a prudent risk management strategy.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,613,506	\$ 1,190,131
Financial assets at amortised cost		
Cash and cash equivalents	\$ 2,930,678	\$ 2,767,084
Financial assets at amortised cost	452,467	864,753
Notes receivable	620,701	722,330
Accounts receivable	521,500	327,906
Other receivables	6,626	10,151
Guarantee deposits paid	33,451	32,956
	<u>\$ 4,565,423</u>	<u>\$ 4,725,180</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	\$ 166,962	\$ 283,876
Accounts payable	675,743	765,076
Other payables (including current portion)	336,215	363,222
Guarantee deposits received	36,685	32,750
	<u>\$ 1,215,605</u>	<u>\$ 1,444,924</u>
Lease liability	<u>\$ 47,833</u>	<u>\$ 51,473</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central finance department (Group finance) under policies. Group finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

(i). The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii). The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				December 31, 2023		
				Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD : NTD	\$	10,956	30.728	\$	336,656
	RMB : NTD		31,027	4.3270		134,254
				December 31, 2022		
				Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
	USD : NTD	\$	15,014	30.742	\$	461,560
	RMB : NTD		32,887	4.4080		144,966

(iii). The total exchange (loss)gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to (\$12,489) and \$12,381, respectively.

(iv). Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 3,367	\$ -
RMB : NTD	1%	1,343	-

Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 4,616	\$ -
RMB : NTD	1%	1,450	-

ii. Price risk

- (i). The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The Group is not exposed to commodity price risk.
- (ii). The Group's investments in equity securities comprise domestic listed and unlisted shares. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased by \$13,334 and \$10,995, respectively, as a result of gains on equity securities classified as at fair value through profit or loss.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents as well as deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.
- ii. Based on the customers' contract period, financial position and past experience, the default occurs when the contract payments are past due over 150 days.
- iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vi. The Group used the forecastability of overall economic information to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due
<u>December 31, 2023</u>			
Expected loss rate	0.00%-0.03%	0.03%-2.50%	1.00%-5.00%
Total book value	\$ 520,762	\$ 549	\$ 105
Loss allowance	\$ 113	\$ 11	\$ 5
	91~180 days past due	Over 181 days past due	Total
	7.50%-50.00%	94.00%-100.00%	
	\$ 202	\$ 435	\$ 522,053
	\$ 15	\$ 409	\$ 553
<u>December 31, 2022</u>			
Expected loss rate	0.00%-0.03%	0.03%-2.50%	1.00%-5.00%
Total book value	\$ 313,496	\$ 746	\$ 13,356
Loss allowance	\$ 55	\$ 5	\$ 64
	91~180 days past due	Over 181 days past due	Total
	7.5%-50.00%	94.00%-100.00%	
	\$ 173	\$ 1,432	\$ 329,203
	\$ 13	\$ 1,160	\$ 1,297

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2023	
	Notes receivable	Accounts receivable
At January 1	\$ -	\$ 1,297
Provision for impairment	-	500
Write-offs	-	(197)
Reversal of impairment	-	(1,047)
At December 31	\$ -	\$ 553
	2022	
	Notes receivable	Accounts receivable
At January 1	\$ -	\$ 1,171
Provision for impairment	-	126
At December 31	\$ -	\$ 1,297

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities, the treasury of each operating entity invests funds in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2023				
Notes payable (including related parties)	\$ 166,962	\$ -	\$ -	\$ -
Accounts payable	675,743	-	-	-
Other payables	336,215	-	-	-
Lease liability	12,199	8,132	12,363	19,645

Non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2022				
Notes payable (including related parties)	\$ 283,876	\$ -	\$ -	\$ -
Accounts payable	765,076	-	-	-
Other payables	363,222	-	-	-
Lease liability	9,193	7,708	16,639	23,486

- iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in domestic and foreign listed stocks and fund is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The domestic unlisted stocks and RMB financial products invested by the Group are included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(9).
- C. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables, borrowings and guarantee deposits received) are approximate to their fair values.
- D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2023 and 2022 are as follows:
- (a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 34,499	\$ -	\$ 1,579,007	\$ 1,613,506
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	\$ 38,020	\$ -	\$ 1,152,111	\$ 1,190,131

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price
  - ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to equity instruments without active market. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)J.

- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 1,152,111	\$ 1,205,795
Acquired in the period	1,794,332	1,675,704
Sold in the period	( 1,428,874)	( 1,743,398)
Gains and losses recognised in profit or loss (Note)	74,417	7,092
Transfers into other receivables	-	( 1,764)
Exchange difference	( 12,979)	8,682
At December 31	<u>\$ 1,579,007</u>	<u>\$ 1,152,111</u>

Note: Recorded as non-operating income and expense.

- G. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 194,140	Market comparable companies	Price to earnings ratio multiple	12.03~20.01	The higher the multiple, the higher the fair value
			Price to book ratio multiple	1.37~3.44	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	38,471	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value
RMB financial products	1,346,396	Calculated based on the contract	Product yield	1%~4.2%	The higher the product yield, the higher the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 138,085	Market comparable companies	Price to earnings ratio multiple	3.81~32.27	The higher the multiple, the higher the fair value
			Price to book ratio multiple	0.87~2.54	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	44,266	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value
RMB financial products	969,760	Calculated based on the contract	Product yield	1%~3.7%	The higher the product yield, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability, net asset value and product yield	±1%	\$ 15,790	(\$ 15,790)	\$ -	\$ -

		December 31, 2022				
		Recognised in profit or loss		Recognised in other comprehensive income		
		Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change	
	Input	Change				
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability, net asset value and product yield	±1%	\$ 11,521	(\$ 11,521)	\$ -	\$ -

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 3.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

#### (4) Major shareholders information

Major shareholders information: Please refer to table 6.

### 14. Segment Information

#### (1) General information

The Group operates business only in a single industry. The Board of Directors, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the net operating profit (loss).

(3) Segment Information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2023			
	Cement	Others	Reconciliation	Total
Revenue from external customers	\$ 6,043,782	\$ 216,082	\$ -	\$ 6,259,864
Inter-segment revenue	3,143,724	-	( 3,143,724)	-
Total segment revenue	<u>\$ 9,187,506</u>	<u>\$ 216,082</u>	<u>(\$ 3,143,724)</u>	<u>\$ 6,259,864</u>
Segment income	<u>\$ 926,716</u>	<u>\$ 184,902</u>		<u>\$ 1,111,618</u>

	Year ended December 31, 2022			
	Cement	Others	Reconciliation	Total
Revenue from external customers	\$ 6,178,050	\$ 210,288	\$ -	\$ 6,388,338
Inter-segment revenue	3,816,227	-	( 3,816,227)	-
Total segment revenue	<u>\$ 9,994,277</u>	<u>\$ 210,288</u>	<u>(\$ 3,816,227)</u>	<u>\$ 6,388,338</u>
Segment income	<u>\$ 812,718</u>	<u>\$ 180,036</u>		<u>\$ 992,754</u>

(4) Reconciliation for segment income (loss)

The reportable segment income or loss reported to the Chief Operating Decision-Maker is consistent with income/(loss) before tax from continuing operations of the statements of comprehensive income.

(5) Information on products and services

The revenue is mainly from cement sales, recycle process services and leasing business. Details of revenue are the same as Note 6(16).

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 3,010,513	\$ 2,574,592	\$ 2,213,586	\$ 2,542,359
China	3,249,351	1,800,522	4,174,752	1,923,700
	<u>\$ 6,259,864</u>	<u>\$ 4,375,114</u>	<u>\$ 6,388,338</u>	<u>\$ 4,466,059</u>

(7) Major customer information

The Group has no single customer whose sales amount reaches 10% of the net operating revenue.

Hsing Ta Cement Co., Ltd. and Subsidiaries  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company(%)	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	(2)	4,058,839	321,176	321,176	321,176	-	3.96	8,117,677	Y	N	N	
1	Hsin I Ready Mixed Concrete Co., Ltd.	Hsing Ta Cement Co., Ltd.	(3)	496,134	211,200	211,200	211,200	-	34.06	620,168	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1)Having business relationship.
- (2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Under the Company's "Procedures for Provision of Endorsements and Guarantees", the Company's total guarantees and endorsements to others should not exceed the Company's net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 50% of the Company's net asset value based on the latest financial statements. The calculation is shown below:

- (1)  $\$8,117,677 \times 50\% = \$4,058,839$ .
- (2)  $\$8,117,677 \times 100\% = \$8,117,677$ .

Under the subsidiary, HSIN I READY MIXED CONCRETE CO., LTD.'s "Procedures for Provision of Endorsements and Guarantees", this company's total guarantees and endorsements to others should not exceed its net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 80% of its net asset value based on the latest financial statements. The calculation is shown below:

- (3)  $\$620,168 \times 80\% = \$496,134$ .
- (4)  $\$620,168 \times 100\% = \$620,168$ .

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	
Hsing Ta Cement Co., Ltd.	China Steel Corporation		Current financial assets at fair value through profit or loss	1,198	\$ 32,347		\$ 32,347	
	Hotung Investment Holdings Limited		"	60	2,152		2,152	
Jiangsu Xinning New Building Materials Co., Ltd.	Agricultural Bank of China Certificates Of Deposit		"	-	393,665		393,665	
	China Merchants Bank Certificates Of Deposit		"	-	302,890		302,890	
	SPD Bank Certificates Of Deposit		"	-	216,944		216,944	
	Bank of Jiangsu Certificates Of Deposit		"	-	130,007		130,007	
	Bank of China Certificates Of Deposit		"	-	43,270		43,270	
	China Merchants Bank Structured Deposits		"	-	129,810		129,810	
	Zijin Rural Commercial Bank Structured Deposits		"	-	43,270		43,270	
	China Minsheng Banking Structured Deposits		"	-	43,270		43,270	
Jiang Su Xin Ning New Building Materials Trading Co., Ltd.	Agricultural Bank of China Certificates Of Deposit		"	-	43,270		43,270	
					<u>\$ 1,380,895</u>		<u>\$ 1,380,895</u>	

		As of December 31, 2023						
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Hsing Ta Cement Co., Ltd.	Chin Ta Construction Co., Ltd.		Non-current financial assets at fair value through profit or loss	5,200	\$ 34,679	19.90	\$ 34,679	
	Taiwan Ooparts Co., Ltd.	Other related party	"	538	3,792	18.68	\$ 3,792	
	Taian Insurance Co ,ltd		"	365	14,356	0.12	14,356	
	Pershing Technology Services Corporation		"	2,782	106,774	8.73	106,774	
	Fujitec Taiwan Co., Ltd.		"	70	14,562	2.33	14,562	
	Da Chiang International Co., Ltd.		"	3,448	58,448	1.72	58,448	
	Power Digital Card Co., Ltd.		"	796	-	1.70	-	
	Amcom Communications,inc. (Preferred Stock B)		"	520	-	11.15	-	
	Amcom Communications,inc. (Preferred Stock C)		"	189	-	9.70	-	
					<u>\$ 232,611</u>		<u>\$ 232,611</u>	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Hsing Ta Cement Co., Ltd. and Subsidiaries  
Significant inter-company transactions during the reporting periods  
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	1	Sales revenue	\$ 150,820	Note 4	2.41
1	Jiangsu Xinning New Building Materials Co., Ltd.	Jiang Su Xin Ning New Building Materials Trading Co., Ltd.	3	Sales revenue	2,992,904	Note 4	47.81
1	Jiangsu Xinning New Building Materials Co., Ltd.	Jiang Su Xin Ning New Building Materials Trading Co., Ltd.	3	Notes receivable	368,215	Note 4	3.18
1	Jiangsu Xinning New Building Materials Co., Ltd.	Jiang Su Xin Ning New Building Materials Trading Co., Ltd.	3	Accounts receivable	279,670	Note 4	2.42

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Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The rental charged and the payment terms agreed are available to third parties.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (In thousands)	Ownership (%)	Book value			
Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	Taipei city	Manufacturing and sales of concrete	\$ 60,720	\$ 60,720	6,072	55.20	\$ 341,867	\$ 89,618	\$ 49,469	Subsidiaries
	Synergy Development Co., Ltd	"	Agency service of real estates, etc.	58,800	58,800	5,880	98.00	64,642	674	661	"
	Soaring Power Corp.	Virgin Islands	Overseas investment	1,488,493	1,488,493	46,587	66.67	3,166,077	247,453	164,977	"

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Hsing Ta Cement Co., Ltd. and Subsidiaries  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated	Amount remitted from Taiwan		Accumulated	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31 2023	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2023	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023	Remitted to Mainland China	Remitted back to Taiwan					amount of remittance from Taiwan to Mainland China as of December 31 2023	
Jiangsu Xinning New Building Materials Co., Ltd.	Manufacturing of new building materials, new special cement clinker, various silicate cement and new special cement, mineral powder, stone, commercial concrete and cement products; recycling and wholesale of recycled materials; treatment and recycling of sewage; treatment of solid waste; construction of interior and exterior decoration; sales of self-produced products and provide related supporting services; import and export business of self- management and agent of various goods and techniques (goods and techniques that are restricted to operate and prohibited to import and export by the country are excluded)	\$ 2,450,325	2	\$ 1,487,098	\$ -	\$ -	\$ 1,487,098	\$ 299,127	66.67%	\$ 199,428	\$ 3,176,333	\$ 2,333,533	Note3(2)B
		USD 76,880 (Note 1)	(Soaring Power Corp.)	USD 46,587			USD 46,587						
Nanjing Xinrong New Green Materials Co., Ltd.	Research and development of new environmental protection materials, technology promotion services; development and service of energy conservation and environmental protection technology; manufacturing of special equipment for environmental protection; promotion services of environmental protection technologies and energy conservation technologies; manufacturing and wholesale of non-metallic ore and products; wholesale of chemical products (excluding hazardous chemicals); fine processing of non-metallic ore	43,980	3	-	-	-	-	( 1,979)	35.15%	( 696)	8,154	-	Note3(2)C
		CNY 10,000	(Jiangsu Xinning New Building Materials Co., Ltd.)										
Jiang Su Xin Ning New Building Materials Trading	Sales of cement products, sales of construction materials, sales of perlite-based building materials, sales of building decorative materials, sales of asbestos products, sales of eco-environmental materials, research and development of new materials and technology	88,230	3	-	-	-	-	128,784	66.67%	85,860	165,941	-	Note3(2)B
		CNY 20,000	(Jiangsu Xinning New Building Materials Co., Ltd.)										

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hsing Ta Cement Co., Ltd.	\$ 1,487,098 USD 46,587	\$ 1,656,669 USD 51,254	\$ 5,994,361

Note 1: It includes capitalisation of earnings amounting to USD 7,000 with amount of  $USD 7,000 \times 66.67\% = USD 4,666.9$  approved by MOEA.

Note 2: Investment methods are classified into the following four categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China : Soaring Power Corp.
- (3) Reinvestments through an existing company in Mainland China approved by MOEA: According to the regulation of MOEA, the Company needs no approval from MOEA for reinvestments through an existing company in Mainland China, thus, those investment amounts are not included in the ceiling on investments.
- (4) Others.

Note 3: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Hsing Ta Cement Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YANG CHUNG-HSIUNG	41,528,048	12.17%
YANG REN-HSIUNG	36,108,783	10.58%
YANG JEE SHING	34,905,166	10.23%
HU MEI-HONG	20,668,448	6.06%

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Hsing Ta Cement Co., Ltd. (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 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 parent company only 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 Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

#### **Occurrence of revenue recognition of cement sales**

##### Description

Please refer to Note 4(26) of the financial statements for accounting policies on revenue recognition and Note 6(16) for details of operating revenue.

The Company's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 2,146,189 thousand, constituting 94.38% of the 2023 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch report prepared by the cement factory according to actual collection situation. The Company's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures. Additionally, since the cement sales revenue is material to the financial statements and the Company's subsidiaries, accounted for using equity method, have the same matters as the aforementioned, we consider the occurrence of revenue recognition of cement sales of the Company and its subsidiaries as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Company's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
2. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.
3. Verified the monthly dispatch report used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch report, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

#### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 parent company only financial statements of the current period 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.

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Lee, Hsiu-Ling

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Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,625,579	19	\$ 1,136,981	14
1110	Financial assets at fair value through profit or loss - current	6(2)	34,499	-	38,020	1
1150	Notes receivable, net	6(4)	129,536	2	102,622	1
1160	Notes receivable - related parties	6(4) and 7	34,043	-	24,047	-
1170	Accounts receivable, net	6(4)	63,519	1	78,016	1
1200	Other receivables		4,077	-	8,247	-
130X	Inventories	6(5)	383,513	5	453,624	6
1410	Prepayments		19,973	-	19,983	-
11XX	<b>Current assets</b>		<u>2,294,739</u>	<u>27</u>	<u>1,861,540</u>	<u>23</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	232,611	3	182,351	2
1535	Financial assets at amortised cost- non-current	6(3) and 8	216,347	2	216,314	3
1550	Investments accounted for under equity method	6(6) and 7	3,572,586	41	3,650,019	45
1600	Property, plant and equipment	6(7) and 7	742,633	9	728,875	9
1755	Right-of-use assets	6(8)	22,493	-	27,916	-
1760	Investment property - net	6(10)	1,424,167	17	1,428,699	17
1840	Deferred income tax assets	6(23)	40,251	-	40,284	-
1900	Other non-current assets		64,547	1	57,868	1
15XX	<b>Non-current assets</b>		<u>6,315,635</u>	<u>73</u>	<u>6,332,326</u>	<u>77</u>
1XXX	<b>Total assets</b>		<u>\$ 8,610,374</u>	<u>100</u>	<u>\$ 8,193,866</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2130	Current contract liabilities	6(16) and 7	\$ 65,014	1	\$ 57,384	1
2170	Accounts payable		58,597	1	44,644	1
2200	Other payables		197,420	2	159,076	2
2230	Current income tax liabilities		48,372	1	43,357	-
2280	Current lease liabilities	6(26)	9,081	-	5,508	-
2300	Other current liabilities		2,018	-	1,015	-
21XX	<b>Current Liabilities</b>		<u>380,502</u>	<u>5</u>	<u>310,984</u>	<u>4</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(23)	34,244	-	38,968	1
2580	Non-current lease liabilities	6(26)	20,667	-	26,022	-
2640	Accrued pension liabilities	6(11)	39,391	1	33,943	-
2645	Guarantee deposits received	6(26)	17,893	-	18,036	-
25XX	<b>Non-current liabilities</b>		<u>112,195</u>	<u>1</u>	<u>116,969</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>492,697</u>	<u>6</u>	<u>427,953</u>	<u>5</u>
<b>Equity</b>						
Share capital		6(12)				
3110	Share capital - common stock		3,411,589	40	3,411,589	42
Capital surplus		6(13)				
3200	Capital surplus		15,697	-	15,644	-
Retained earnings		6(14)				
3310	Legal reserve		1,655,263	19	1,615,360	20
3320	Special reserve		136,484	1	200,753	3
3350	Unappropriated retained earnings		3,091,799	36	2,659,051	32
Other equity interest		6(15)				
3400	Other equity interest		( 193,155)	( 2)	( 136,484)	( 2)
3XXX	<b>Total equity</b>		<u>8,117,677</u>	<u>94</u>	<u>7,765,913</u>	<u>95</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 8,610,374</u>	<u>100</u>	<u>\$ 8,193,866</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(9)(10)(16) and 7	\$ 2,273,939	100	\$ 1,772,103	100
5000	Operating costs	6(5)(10)(21)(22)	( 1,597,470)	( 70)	( 1,366,145)	( 77)
5900	Gross profit		676,469	30	405,958	23
5910	Unrealized profit from sales		( 466)	-	( 251)	-
5920	Realized profit from sales		251	-	131	-
5950	Net operating margin		676,254	30	405,838	23
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		( 49,739)	( 2)	( 40,137)	( 2)
6200	General and administrative expenses		( 83,394)	( 4)	( 67,778)	( 4)
6000	Total operating expenses		( 133,133)	( 6)	( 107,915)	( 6)
6900	Operating profit		543,121	24	297,923	17
	Non-operating income and expenses					
7100	Interest income	6(17)	25,531	1	16,017	1
7010	Other income	6(18)	14,932	1	15,204	1
7020	Other gains and losses	6(19)	40,044	2	10,512	-
7050	Finance costs	6(20)	( 733)	-	( 471)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	215,106	9	232,936	13
7000	Total non-operating income and expenses		294,880	13	274,198	15
7900	<b>Profit before income tax</b>		838,001	37	572,121	32
7950	Income tax expense	6(23)	( 152,117)	( 7)	( 172,955)	( 10)
8200	<b>Profit for the year</b>		\$ 685,884	30	\$ 399,166	22
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial loss on defined benefit plan	6(11)	( \$ 5,445)	-	( \$ 996)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 219)	-	662	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	1,089	-	199	-
8310	Components of other comprehensive (loss)income that will not be reclassified to profit or loss		( 4,575)	-	( 135)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)(15)	( 56,671)	( 3)	64,269	4
8360	Components of other comprehensive income(loss) that will be reclassified to profit or loss		( 56,671)	( 3)	64,269	4
8300	<b>Other comprehensive (loss) income for the year</b>		( \$ 61,246)	( 3)	\$ 64,134	4
8500	<b>Total comprehensive income for the year</b>		\$ 624,638	27	\$ 463,300	26
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		\$ 2.01		\$ 1.17	
9850	Total diluted earnings per share		\$ 2.00		\$ 1.16	

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Other equity interest		Total equity
		Share capital - common stock	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	
<u>2022</u>										
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 663	\$ 1,528,279	\$ 175,551	\$ 2,885,240	(\$ 200,753)	\$ -	\$ 7,830,858
Profit for the year		-	-	-	-	-	399,166	-	-	399,166
Other comprehensive income (loss) for the year	6(6)(15)	-	-	-	-	-	( 135)	64,269	-	64,134
Total comprehensive income		-	-	-	-	-	399,031	64,269	-	463,300
Appropriations and distribution of 2021 retained earnings:	6(14)									
Legal reserve appropriated		-	-	-	87,081	-	( 87,081)	-	-	-
Special reserve		-	-	-	-	25,202	( 25,202)	-	-	-
Cash dividends		-	-	-	-	-	( 512,937)	-	-	( 512,937)
Purchase of treasury shares	6(12)	-	-	-	-	-	-	-	( 15,755)	( 15,755)
Retirement of treasury shares	6(12)	( 7,990)	( 7,765)	-	-	-	-	-	15,755	-
Expired unclaimed dividends transferred to capital surplus		-	-	447	-	-	-	-	-	447
Balance at December 31		\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913
<u>2023</u>										
Balance at January 1		\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913
Profit for the year		-	-	-	-	-	685,884	-	-	685,884
Other comprehensive income (loss) for the year	6(6)(15)	-	-	-	-	-	( 4,575)	( 56,671)	-	( 61,246)
Total comprehensive income		-	-	-	-	-	681,309	( 56,671)	-	624,638
Appropriations and distribution of 2022 retained earnings:	6(14)									
Legal reserve appropriated		-	-	-	39,903	-	( 39,903)	-	-	-
Special reserve reversed		-	-	-	-	( 64,269)	64,269	-	-	-
Cash dividends		-	-	-	-	-	( 272,927)	-	-	( 272,927)
Expired unclaimed dividends transferred to capital surplus		-	-	53	-	-	-	-	-	53
Balance at December 31		\$ 3,411,589	\$ 14,534	\$ 1,163	\$ 1,655,263	\$ 136,484	\$ 3,091,799	(\$ 193,155)	\$ -	\$ 8,117,677

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 838,001	\$ 572,121
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(21)	101,004	113,256
Net loss on financial assets at fair value through profit or loss	6(2)(19)	( 46,739 )	22,007
Interest expense	6(8)(20)	733	471
Interest income	6(17)	( 25,531 )	( 16,017 )
Dividend revenue	6(18)	( 11,138 )	( 9,985 )
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 215,107 )	( 232,936 )
Gain on lease modification	6(8)(19)	( 8 )	( 549 )
Loss on disposal of property, plant and equipment	6(19)	5,324	3,358
Unrealized gain from sale		466	251
Realized gain from sale		( 251 )	( 131 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 26,914 )	48,995
Notes receivable - related parties		( 9,996 )	4,589
Accounts receivable, net		14,497	( 18,565 )
Other receivables		4,170	( 5,471 )
Inventories		70,111	( 61,213 )
Prepayments		10	( 17,814 )
Other non-current assets		( 321 )	3,376
Changes in operating liabilities			
Current contract liabilities		7,630	( 8,846 )
Accounts payable		13,953	( 3,440 )
Other payables		38,352	( 27,915 )
Other current liabilities		1,003	( 358 )
Net defined benefit liability		3	( 15 )
Cash inflow generated from operations		759,252	365,169
Income taxes paid		( 150,705 )	( 197,469 )
Interest paid		( 733 )	( 471 )
Net cash flows from operating activities		<u>607,814</u>	<u>167,229</u>

(Continued)

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ -	\$ 7,509
Acquisition of financial assets at amortised cost		( 33 )	( 1,126 )
Acquisition of property, plant and equipment	6(25)	( 112,922 )	( 70,810 )
Acquisition of investment property	6(10)	( 3,490 )	( 520 )
Proceeds from disposal of property, plant and equipment		865	427
Decrease (increase) in refundable deposits		( 513 )	246
Interest received		25,531	16,017
Dividends received	6(6)(18)	246,573	562,367
Net cash flows from investing activities		<u>156,011</u>	<u>514,110</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in guarantee deposits received	6(26)	( 143 )	778
Cash dividend paid	6(14)	( 272,927 )	( 512,937 )
Purchase of treasury shares	6(12)	-	( 15,755 )
Payments of lease liabilities	6(26)	( 2,210 )	( 5,200 )
Expired unclaimed dividends transferred to capital surplus		53	447
Net cash flows used in financing activities		<u>( 275,227 )</u>	<u>( 532,667 )</u>
Net increase in cash and cash equivalents		488,598	148,672
Cash and cash equivalents at beginning of year		<u>1,136,981</u>	<u>988,309</u>
Cash and cash equivalents at end of year		<u>\$ 1,625,579</u>	<u>\$ 1,136,981</u>

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Hsing Ta Cement Co., Ltd. (the “Company”) was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and the Company’s shares have been approved by Securities Commission, Ministry of Finance to be listed on October 7, 1991. The Company was primarily engaged in quarrying, processing, warehousing and distribution of minerals, manufacturing, processing, warehousing and distribution of limestone chemicals, cement and limestone related industry, treatment of general waste, sales and leasing of real estate, consultancy of building management, etc.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These financial statements were authorised for issuance by the Board of Directors on March 13, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments that came into effect as endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two modelrules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

The financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the associates and subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity), but excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.
- D. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. In accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only financial statements is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	8 ~ 60 years
Machinery and equipment	2 ~ 15 years
Transportation equipment	4 ~ 15 years
Office equipment	3 ~ 15 years
Other equipment	2 ~ 20 years

(15) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 55 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of cement

The Company manufactures and sells limestone chemicals, cement and limestone related products. Sales are recognized when control of the products has transferred to customers, the consideration is taking into account of business tax, returns, rebates and discounts. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Recycle process revenue

The Company provides waste treatment services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from fixed price contract were determined by multiplying the amount of waste which had been actually processed as of the balance sheet date by unit price of contract. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

### C. Rental revenue

The Company follows the guidance of IFRS 16 'Leases' to recognise revenue from the leasing of property. Leases are required to be classified as either finance lease or operating lease according to the extent of transition of risks and rewards of ownership. Revenue is recognised through the period of leases.

## 5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Company accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

### (1) Critical judgements in applying the Company's accounting policies

None.

### (2) Critical accounting estimates and assumptions

None.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 694	\$ 691
Checking accounts	195,740	128,646
Demand deposits	692,623	256,016
Time deposits	<u>952,869</u>	<u>967,942</u>
	1,841,926	1,353,295
Less: Time deposits pledged	<u>( 216,347)</u>	<u>( 216,314)</u>
	<u>\$ 1,625,579</u>	<u>\$ 1,136,981</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Company's certain time deposits pledged, shown as 'non-current financial assets at amortised cost' related to guarantee for mining land, are provided in Note 8.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	\$ 38,916	\$ 38,916
Foreign listed stocks	2,549	2,549
	41,465	41,465
Valuation adjustment	( 6,966)	( 3,445)
	\$ 34,499	\$ 38,020
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Domestic listed stocks	\$ 63,688	\$ 63,688
Valuation adjustment	168,923	118,663
	\$ 232,611	\$ 182,351

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Year ended December 31	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 46,739	(\$ 22,007)

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Non-current items :		
Time deposits pledged	\$ 216,347	\$ 216,314

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2023	2022
Interest income	\$ 2,293	\$ 1,354

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$216,347 and \$216,314, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(4) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 129,536	\$ 102,622
Notes receivable due from related parties	34,043	24,047
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
	<u>\$ 163,579</u>	<u>\$ 126,669</u>
Accounts receivable	\$ 63,519	\$ 78,016
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
	<u>\$ 63,519</u>	<u>\$ 78,016</u>

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	<u>\$ 163,579</u>	<u>\$ 63,519</u>	<u>\$ 126,669</u>	<u>\$ 78,016</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$180,253 and \$59,451, respectively.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$163,579 and \$126,669; \$63,519 and \$78,016, respectively.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 108,072	\$ -	\$ 108,072
Supplies	214,633	( 552)	214,081
Work in progress	8,716	-	8,716
Finished goods	52,644	-	52,644
	<u>\$ 384,065</u>	<u>(\$ 552)</u>	<u>\$ 383,513</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 167,182	\$ -	\$ 167,182
Supplies	217,167	( 578)	216,589
Work in progress	30,077	-	30,077
Finished goods	39,776	-	39,776
	<u>\$ 454,202</u>	<u>(\$ 578)</u>	<u>\$ 453,624</u>

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2023	2022
Cost of goods sold	\$ 1,543,926	\$ 1,288,550
Underapplied overheads	22,662	48,645
Gain on reversal of decline in market value	( 26)	( 407)
	<u>\$ 1,566,562</u>	<u>\$ 1,336,788</u>

(6) Investments accounted for using equity method

	2023	2022
At January 1	\$ 3,650,019	\$ 3,904,654
Share of profit or loss of investments accounted for using equity method	215,107	232,936
Earnings distribution of investments accounted for using equity method	( 235,435)	( 552,382)
Changes in other equity items (Note 6(15))	( 56,671)	64,269
Others	( 434)	542
At December 31	<u>\$ 3,572,586</u>	<u>\$ 3,650,019</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Hsin I Ready Mixed Concrete Co., Ltd.	\$ 341,867	\$ 292,832
Synergy Development Co., Ltd.	64,642	63,981
Soaring Power Corp.	3,166,077	3,293,206
	<u>\$ 3,572,586</u>	<u>\$ 3,650,019</u>

Subsidiaries

Please refer to Note 4(3) in the 2023 consolidated financial statements for the information regarding the Company's subsidiaries.

(7) Property, plant and equipment

	2023							Total
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction	
		Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1								
Cost	\$ 400,669	\$ 742,911	\$ 3,546,767	\$ 84,843	\$ 8,540	\$ 95,155	\$ 12,190	\$ 4,891,075
Accumulated depreciation and impairment	-	( 655,972)	( 3,331,108)	( 78,667)	( 7,966)	( 88,487)	-	( 4,162,200)
	<u>\$ 400,669</u>	<u>\$ 86,939</u>	<u>\$ 215,659</u>	<u>\$ 6,176</u>	<u>\$ 574</u>	<u>\$ 6,668</u>	<u>\$ 12,190</u>	<u>\$ 728,875</u>
Opening net book amount as at January 1	\$ 400,669	\$ 86,939	\$ 215,659	\$ 6,176	\$ 574	\$ 6,668	\$ 12,190	\$ 728,875
Additions	-	4,505	64,633	7,668	260	28,089	1,922	107,077
Disposals	( 24)	( 687)	( 5,470)	( 8)	-	-	-	( 6,189)
Reclassification	-	-	1,707	( 1,039)	4,608	4,015	( 9,291)	-
Depreciation charge	-	( 12,670)	( 69,498)	( 2,280)	( 245)	( 2,437)	-	( 87,130)
Closing net book amount as at December 31	<u>\$ 400,645</u>	<u>\$ 78,087</u>	<u>\$ 207,031</u>	<u>\$ 10,517</u>	<u>\$ 5,197</u>	<u>\$ 36,335</u>	<u>\$ 4,821</u>	<u>\$ 742,633</u>
At December 31								
Cost	\$ 400,645	\$ 746,719	\$ 3,607,902	\$ 83,698	\$ 8,657	\$ 127,259	\$ 4,821	\$ 4,979,701
Accumulated depreciation and impairment	-	( 668,632)	( 3,400,871)	( 73,181)	( 3,460)	( 90,924)	-	( 4,237,068)
	<u>\$ 400,645</u>	<u>\$ 78,087</u>	<u>\$ 207,031</u>	<u>\$ 10,517</u>	<u>\$ 5,197</u>	<u>\$ 36,335</u>	<u>\$ 4,821</u>	<u>\$ 742,633</u>

	2022							Total
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction	
		Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1								
Cost	\$ 399,520	\$ 738,338	\$ 3,494,624	\$ 82,743	\$ 8,583	\$ 95,155	\$ 323	\$ 4,819,286
Accumulated depreciation and impairment	-	( 638,302)	( 3,257,340)	( 76,660)	( 7,828)	( 86,221)	-	( 4,066,351)
	<u>\$ 399,520</u>	<u>\$ 100,036</u>	<u>\$ 237,284</u>	<u>\$ 6,083</u>	<u>\$ 755</u>	<u>\$ 8,934</u>	<u>\$ 323</u>	<u>\$ 752,935</u>
Opening net book amount as at January 1	\$ 399,520	\$ 100,036	\$ 237,284	\$ 6,083	\$ 755	\$ 8,934	\$ 323	\$ 752,935
Additions	1,149	14,479	49,594	2,100	-	-	11,867	79,189
Disposals	-	( 705)	( 3,080)	-	-	-	-	( 3,785)
Reclassification	-	( 9,073)	9,073	-	-	-	-	-
Depreciation charge	-	( 17,798)	( 77,212)	( 2,007)	( 181)	( 2,266)	-	( 99,464)
Closing net book amount as at December 31	<u>\$ 400,669</u>	<u>\$ 86,939</u>	<u>\$ 215,659</u>	<u>\$ 6,176</u>	<u>\$ 574</u>	<u>\$ 6,668</u>	<u>\$ 12,190</u>	<u>\$ 728,875</u>
At December 31								
Cost	\$ 400,669	\$ 742,911	\$ 3,546,767	\$ 84,843	\$ 8,540	\$ 95,155	\$ 12,190	\$ 4,891,075
Accumulated depreciation and impairment	-	( 655,972)	( 3,331,108)	( 78,667)	( 7,966)	( 88,487)	-	( 4,162,200)
	<u>\$ 400,669</u>	<u>\$ 86,939</u>	<u>\$ 215,659</u>	<u>\$ 6,176</u>	<u>\$ 574</u>	<u>\$ 6,668</u>	<u>\$ 12,190</u>	<u>\$ 728,875</u>

- A. The significant components of buildings and structures include office, inventory warehouse as well as firefighting and air conditioning equipment, which are depreciated over 30 to 60, 30 to 45 and 8 years, respectively.
- B. As the land with book value of \$65,142 in Wulaokeng Sec., Su'ao Township is a farmland, therefore, the title to the land is temporarily registered to a natural person. However, the Company has set the pledge of land ownership to itself in order to protect its rights.

(8) Leasing arrangements - lessee

A. The Company leases various assets including mining land. Rental contracts are typically made for periods of 3 to 9 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The leased assets may not be used as security for borrowing purposes nor the rights to be transferred to others through business transfer or combination.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land - mining land	\$ 19,480	\$ 22,624
Other equipment	3,013	5,292
	<u>\$ 22,493</u>	<u>\$ 27,916</u>

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land - mining land	\$ 3,145	\$ 3,207
Other equipment	2,707	2,708
	<u>\$ 5,852</u>	<u>\$ 5,915</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$428 and \$33,051, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 733	\$ 471
Expense on short-term lease contracts	1,775	1,719
Expense on leases of low-value assets	10	10
Gain on lease modification	8	549

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$4,728 and \$7,400, respectively.

F. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Leasing arrangements - lessor

- A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, nor be subleased, lent, sold or granted fully or partially in any different form to the third parties.
- B. For the years ended December 31, 2023 and 2022, the Company recognised rent income in the amounts of \$49,526 and \$41,633, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023		December 31, 2022	
2024	\$	49,225	2023	\$ 49,039
2025		48,459	2024	46,588
2026		47,929	2025	46,117
2027		40,028	2026	45,674
After 2028		184,209	After 2027	50,319
	\$	<u>369,850</u>		\$ <u>237,737</u>

(10) Investment property

	2023		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,198,883	\$ 375,986	\$ 1,574,869
Accumulated depreciation	-	( 146,170)	( 146,170)
	<u>\$ 1,198,883</u>	<u>\$ 229,816</u>	<u>\$ 1,428,699</u>
Opening net book amount as at January 1	\$ 1,198,883	\$ 229,816	\$ 1,428,699
Additions	-	3,490	3,490
Depreciation charge	-	( 8,022)	( 8,022)
Closing net book amount as at December 31	<u>\$ 1,198,883</u>	<u>\$ 225,284</u>	<u>\$ 1,424,167</u>
At December 31			
Cost	\$ 1,198,883	\$ 379,476	\$ 1,578,359
Accumulated depreciation	-	( 154,192)	( 154,192)
	<u>\$ 1,198,883</u>	<u>\$ 225,284</u>	<u>\$ 1,424,167</u>

	2022		
	Land	Buildings and structures	Total
At January 1			
Cost	\$ 1,198,883	\$ 380,773	\$ 1,579,656
Accumulated depreciation	-	( 143,600)	( 143,600)
	<u>\$ 1,198,883</u>	<u>\$ 237,173</u>	<u>\$ 1,436,056</u>
Opening net book amount as at January 1	\$ 1,198,883	\$ 237,173	\$ 1,436,056
Additions	-	520	520
Depreciation charge	-	( 7,877)	( 7,877)
Closing net book amount as at December 31	<u>\$ 1,198,883</u>	<u>\$ 229,816</u>	<u>\$ 1,428,699</u>
At December 31			
Cost	\$ 1,198,883	\$ 375,986	\$ 1,574,869
Accumulated depreciation	-	( 146,170)	( 146,170)
	<u>\$ 1,198,883</u>	<u>\$ 229,816</u>	<u>\$ 1,428,699</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2023	2022
Rental income from investment property	<u>\$ 49,526</u>	<u>\$ 41,633</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 19,760</u>	<u>\$ 19,503</u>

B. The fair value of the investment property held by the Company was \$6,254,641 and \$6,257,110 as of December 31, 2023 and 2022, respectively, which was based on the result that fair value is Level 1 or Level 2 of the management in reference to the appraisal report valued by independent valuers or internal valuation. The details of the valuation methods are as follows:

- (a) Land development analysis: Estimate the total selling price after development or construction on land based on the purpose of land's legal usage, land usage intensity and changes in land use efficiency from land development and improvements, less related costs and profit during the construction period to calculate the land price before development or construction on land.
- (b) Comparison method: Select appropriate comparable cases by using logical reasoning methods or rule of thumb in an objective manner, and implement condition adjustments and date adjustments as necessary, as well as compare local factors with individual factors to obtain a calculation of price on properties.

- (c) Direct capitalisation method of income approach: The Group adjusts the factors that affect the price of the subject property through the differences due to the local factors and individual factors between the comparable properties and the subject property to obtain the reasonable rents of the subject property; and calculates the effective gross income with deduction of the related expenses, then use an appropriate capitalisation rate to obtain the income value of the subject property.
  - (d) The Group estimates the value of the subject property by comprehensive consideration of transaction prices from sales through agents of the neighbouring comparable properties which possess the same nature and have similar characteristics and the transaction prices of real estate from the Ministry of Interior.
- C. On June 19, 2000, the Company was approved to develop certain parcels of land with book value of \$673,413 in Guanxi by the Tai 89 Nei-Ying-Zi Letter No. 8983677 issued by Construction and Planning Agency Ministry of the Interior through the submitted application of ‘Integrated Development and Construction Plan of Hsing Ta Guanxi Community’. However, the titles to certain parcels of land, categorised as cultivated land, were temporarily registered to natural persons and shall be subsequently registered to the Company after the parcels of land are categorised as non-cultivated land in accordance with laws as the Company signed trust deeds with each individual natural person. The Company has set the pledge of land ownership to itself in order to protect its rights.
- D. On May 25, 2020, the Company entered into a joint construction agreement with CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. (CHAINQUI). Under the agreement, the Company provides the above-land structures and lands located in No. 602-1 and 603, 2nd Subsec., Chengzhong Sec., Zhongzheng Dist., Taipei City, and CHAINQUI provides construction fund for the building construction.

(11) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.
- The Company contributes monthly an amount equal to 15% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
- (b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 165,771)	(\$ 166,427)
Fair value of plan assets	<u>126,380</u>	<u>132,484</u>
Net defined benefit liability	<u>(\$ 39,391)</u>	<u>(\$ 33,943)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2023</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
At January 1	(\$ 166,427)	\$ 132,484	(\$ 33,943)
Current service cost	( 1,283)	-	( 1,283)
Interest (expense) income	( 2,164)	<u>1,723</u>	( 441)
	<u>( 169,874)</u>	<u>134,207</u>	<u>( 35,667)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	647	647
Change in demographic assumptions	-	-	-
Change in financial assumptions	( 1,420)	-	( 1,420)
Experience adjustments	( 4,672)	-	( 4,672)
	<u>( 6,092)</u>	<u>647</u>	<u>( 5,445)</u>
Pension fund contribution	-	1,721	1,721
Paid pension	<u>10,195</u>	<u>( 10,195)</u>	<u>-</u>
At December 31	<u>(\$ 165,771)</u>	<u>\$ 126,380</u>	<u>(\$ 39,391)</u>

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 186,355)	\$ 153,392	(\$ 32,963)
Current service cost	( 1,447)	-	( 1,447)
Interest (expense) income	( 1,304)	1,074	( 230)
	<u>( 189,106)</u>	<u>154,466</u>	<u>( 34,640)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	11,998	11,998
Change in demographic assumptions	-	-	-
Change in financial assumptions	9,358	-	9,358
Experience adjustments	( 22,352)	-	( 22,352)
	<u>( 12,994)</u>	<u>11,998</u>	<u>( 996)</u>
Pension fund contribution	-	1,693	1,693
Paid pension	35,673	( 35,673)	-
At December 31	<u>(\$ 166,427)</u>	<u>\$ 132,484</u>	<u>(\$ 33,943)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and HSIN I's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	1.00%	1.00%

Assumptions regarding future mortality experience are set based on future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Sensitivity analysis of the effect on present value of defined benefit obligation due from the changes of main actuarial assumptions was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	<u>(\$ 3,519)</u>	<u>\$ 3,629</u>	<u>\$ 3,209</u>	<u>(\$ 3,131)</u>
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	<u>(\$ 3,691)</u>	<u>\$ 3,811</u>	<u>\$ 3,393</u>	<u>(\$ 3,307)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method utilised in sensitivity analysis is the same as the method utilised in calculating net pension liability on the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis were consistent with the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$1,725.
- (g) As of December 31, 2023, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	9,368
1-2 year(s)		8,915
2-5 years		35,626
Over 5 years		<u>57,777</u>
	<u>\$</u>	<u>111,686</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and HSIN I contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$8,200 and \$7,895, respectively.

(12) Share capital

A. As of December 31, 2023, the Company’s authorised capital was \$5,400,000, consisting of 540,000 thousand shares, and the paid-in capital was \$3,411,589 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

## B. Treasury shares

- (a) To enhance the Company's credit rating and the stockholders' equity, on May 20, 2022, the Board of Directors resolved to repurchase the Company's shares from Stock Exchange Market amounting to 6,839 thousand shares at a price between \$15 to \$23 (in dollars) per share during the period from May 23, 2022 to July 22, 2022. The accumulated actual repurchased treasury shares during the period amounted to 799 thousand shares with the amount of \$15,755, which is equivalent to 0.23% ownership of the total issued shares.
- (b) On August 11, 2022, the Board of Directors of the Company resolved to retire the above repurchased treasury shares and the effective date of capital reduction was set on August 31, 2022. On September 14, 2022, the capital reduction had been approved by the competent authority and the registration of retirement of shares had been completed.

## (13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

## (14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When setting aside special reserve or retained when necessary, the Board of Directors shall present the distribution of the remaining earnings, if any, along with prior accumulated undistributed earnings for the approval of the stockholders at the stockholders' meetings.

B. The Company's dividend policy is summarised below:

The current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. If legal reserve has accumulated to an amount equal to the paid-in capital, then legal reserve is not required to be set aside any more, and the special reserve could be set aside or reversed in accordance with relevant laws and regulations where necessary. The Board of Directors should present the distribution including distribution ratios of the remaining earnings along with accumulated unappropriated retained earnings from prior periods for the approval of the shareholders. The dividends shall be distributed, in form of cash based on the distributable earnings for current year after reserving required funds to cooperate the long-term financial planning and investment or major capital budget planning, no less than one third of accumulated distributable earnings of the Company.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The appropriations of earnings of years 2022 and 2021 as resolved by the stockholders at their meetings on June 20, 2023 and June 22, 2022 are as follows:

	Year ended December 31			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 39,903		\$ 87,081	
(Reversal of) special reserve	( 64,269)		25,202	
Cash dividends	272,927	\$ 0.80	512,937	\$ 1.50

- F. The appropriation of 2023 earnings was resolved by the Board of Directors on March 13, 2024.

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 68,131	
Special reserve	56,671	
Cash dividends	409,391	\$ 1.20

The appropriation of the 2023 earnings has not been resolved by the shareholders at their meetings and the related information will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(15) Other equity items

	2023	
	Currency translation	Total
At January 1	(\$ 136,484)	(\$ 136,484)
Currency translation differences:		
- Subsidiary	( 56,671)	( 56,671)
At December 31	(\$ 193,155)	(\$ 193,155)

	2022	
	Currency translation	Total
At January 1	(\$ 200,753)	(\$ 200,753)
Currency translation differences:		
- Subsidiary	64,269	64,269
At December 31	(\$ 136,484)	(\$ 136,484)

(16) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	\$ 2,224,413	\$ 1,730,470
Others - rental revenue	49,526	41,633
	<u>\$ 2,273,939</u>	<u>\$ 1,772,103</u>

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical regions:

Year ended	Taiwan		
	Cement	Revenue from recycling and treatment	Total
<u>December 31, 2023</u>			
Revenue from external customer contracts	<u>\$ 2,146,189</u>	<u>\$ 78,224</u>	<u>\$ 2,224,413</u>

Year ended	Taiwan		
	Cement	Revenue from recycling and treatment	Total
<u>December 31, 2022</u>			
Revenue from external customer contracts	<u>\$ 1,663,061</u>	<u>\$ 67,409</u>	<u>\$ 1,730,470</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities – revenue from cement sales in advance			
Sales revenue	<u>\$ 65,014</u>	<u>\$ 57,384</u>	<u>\$ 66,230</u>

Revenue recognised that was included in the contract liability balance at the beginning of the year.

Year ended December 31	
2023	2022

Revenue recognised that was included in the contract liability balance at the beginning of the year

Cement sales contracts \$ 51,049 \$ 55,925

(17) Interest income

Year ended December 31	
2023	2022

Interest income from bank deposits	\$ 23,224	\$ 14,656
Interest income from financial assets measured at amortised cost	2,293	1,354
Other interest income	14	7
	<u>\$ 25,531</u>	<u>\$ 16,017</u>

(18) Other income

Year ended December 31	
2023	2022

Dividend income	\$ 11,138	\$ 9,985
Other income	3,794	5,219
	<u>\$ 14,932</u>	<u>\$ 15,204</u>

(19) Other gains and losses

Year ended December 31	
2023	2022

Gain (loss) on financial assets at fair value through profit or loss	\$ 46,739	(\$ 22,007)
Net foreign exchange (loss) gain	( 1,379)	35,328
Loss on disposals of property, plant and equipment	( 5,324)	( 3,358)
Gain arising from lease modifications	8	549
	<u>\$ 40,044</u>	<u>\$ 10,512</u>

(20) Finance costs

Year ended December 31	
2023	2022

Interest expense:		
Lease liabilities	\$ 733	\$ 471

(21) Expenses by nature

	Year ended December 31	
	2023	2022
Employee benefit expense	320,646	286,030
Depreciation charges on property, plant and equipment including investment property	95,152	107,341
Depreciation charges on right-of-use assets	5,852	5,915
Operating cost and operating expenses	<u>\$ 421,650</u>	<u>\$ 399,286</u>

(22) Employee benefit expense

	Year ended December 31	
	2023	2022
Wages and salaries	\$ 232,017	\$ 210,492
Labour and health insurance fees	23,456	22,685
Pension costs	9,924	9,572
Directors' remuneration	40,966	29,540
Other personnel expenses	14,283	13,741
	<u>\$ 320,646</u>	<u>\$ 286,030</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1% to 3% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$17,830 and \$12,172, respectively; while directors' remuneration was accrued at \$35,660 and \$24,346, respectively.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 4% of distributable profit of current year. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$17,830 and \$35,660, and will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 141,247	\$ 130,387
Tax on undistributed surplus earnings	6,521	12,280
Prior year income tax underestimation	7,951	-
Total current tax	<u>155,719</u>	<u>142,667</u>
Deferred tax:		
Origination and reversal of temporary differences	(3,602)	30,288
Total deferred tax	<u>(3,602)</u>	<u>30,288</u>
Income tax expense	<u>\$ 152,117</u>	<u>\$ 172,955</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2023	2022
Remeasurement of defined benefit obligations	<u>\$ 1,089</u>	<u>\$ 199</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 167,600	\$ 114,424
Tax adjustment by tax regulation	( 29,955)	46,251
Prior year income tax underestimation	7,951	-
Tax on undistributed earnings	<u>6,521</u>	<u>12,280</u>
Income tax expense	<u>\$ 152,117</u>	<u>\$ 172,955</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	\$ 17,857	\$ 671	\$ -	\$ 18,528
Unrealised exchange loss	2,801	( 776)	-	2,025
Unrealised gross profit from sales	51	43	-	94
Loss on inventory decline in market value	115	( 5)	-	110
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	12,903	1	-	12,904
unrealised loss on financial assets at fair value through profit or loss	46	33	-	79
Impairment loss on machinery and equipment	3,775	-	-	3,775
	<u>40,284</u>	<u>( 33)</u>	<u>-</u>	<u>40,251</u>
Deferred tax liabilities:				
Actuarial loss on defined benefit plan	( 6,114)	-	1,089	( 5,025)
Foreign subsidiaries's investment income	( 32,854)	3,635	-	( 29,219)
	<u>( 38,968)</u>	<u>3,635</u>	<u>1,089</u>	<u>( 34,244)</u>
	<u>\$ 1,316</u>	<u>\$ 3,602</u>	<u>\$ 1,089</u>	<u>\$ 6,007</u>
	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Net sales revenue and expense	\$ 16,116	\$ 1,741	\$ -	\$ 17,857
Unrealised exchange loss	1,962	839	-	2,801
Unrealised gross profit from sales	26	25	-	51
Loss on inventory decline in market value	197	( 82)	-	115
Impairment loss on investments	2,736	-	-	2,736
Net pension cost	12,906	( 3)	-	12,903
unrealised loss on financial assets at fair value through profit or loss	-	46	-	46
Impairment loss on machinery and equipment	3,775	-	-	3,775
	<u>37,718</u>	<u>2,566</u>	<u>-</u>	<u>40,284</u>
Deferred tax liabilities:				
Actuarial loss on defined benefit plan	( 6,313)	-	199	( 6,114)
Foreign subsidiaries's investment income	-	( 32,854)	-	( 32,854)
	<u>( 6,313)</u>	<u>( 32,854)</u>	<u>199</u>	<u>( 38,968)</u>
	<u>\$ 31,405</u>	<u>\$ 30,288)</u>	<u>\$ 199</u>	<u>\$ 1,316</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	<u>Year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 685,884	341,159	\$ 2.01
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 685,884	341,159	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,113	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 685,884	342,272	\$ 2.00
	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 399,166	341,691	\$ 1.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 399,166	341,691	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	1,029	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 399,166	342,720	\$ 1.16

(25) Supplemental cash flow information

Investing activities with partial cash payments

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Purchase of property, plant and equipment	\$ 107,077	\$ 79,189
Add: Opening balance of payable on equipment	8,565	2,720
Less: Ending balance of payable on equipment	( 2,720)	( 11,099)
Cash paid during the year	\$ 112,922	\$ 70,810

(26) Changes in liabilities from financing activities

	2023		
	<u>Guarantee deposits received</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 18,036	\$ 31,530	\$ 49,566
Changes in cash flow from financing activities	( 143)	( 2,210)	( 2,353)
Changes in other non-cash items	-	428	428
At December 31	<u>\$ 17,893</u>	<u>\$ 29,748</u>	<u>\$ 47,641</u>
	2022		
	<u>Guarantee deposits received</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
At January 1	\$ 17,258	\$ 4,228	\$ 21,486
Changes in cash flow from financing activities	778	( 5,200)	( 4,422)
Changes in other non-cash items	-	32,502	32,502
At December 31	<u>\$ 18,036</u>	<u>\$ 31,530</u>	<u>\$ 49,566</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hsin I Ready Mixed Concrete Co., Ltd.	The subsidiary of the Company
Soaring Power Corp. (SPC)	The subsidiary of the Company
Jiangsu Xinning New Building Materials Co., Ltd. (XN)	The second-tier subsidiary of the Company
Nanjing Xinrong New Green Materials Co., Ltd.	The third-tier subsidiary of the Company
Jiangsu Xinning New Building Materials Trading CO.,Ltd	The third-tier subsidiary of the Company
Chyn Da Freight Co., Ltd.	An entity controlled by key management personnel
Yang Tang Hai Charity Foundation	An entity controlled by key management personnel
Defu Trading Co., Ltd.	Other related party
Taiwan Ooparts Co., Ltd.	Other related party
Turbo Capital Co., Ltd.	Other related party
House Eco Lohas Co., Ltd.	Other related party

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
Subsidiary	\$ 150,820	\$ 91,741
Sales of services:		
Entities controlled by key management personnel (rental services)	24	24
	<u>\$ 150,844</u>	<u>\$ 91,765</u>

Goods and services are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	Year ended December 31	
	2023	2022
Purchases of services:		
Entities controlled by key management personnel (delivery services)	\$ 639	\$ -
Entities controlled by key management personnel (rental services)	1,632	1,608
	<u>\$ 2,271</u>	<u>\$ 1,608</u>

Services are rendered by entities controlled by key management personnel on normal commercial terms and conditions.

C. Notes receivable

	December 31, 2023	December 31, 2022
Subsidiary	<u>\$ 34,043</u>	<u>\$ 24,047</u>

D. Advance sales receipts

	December 31, 2023	December 31, 2022
Subsidiary	<u>\$ 1,760</u>	<u>\$ 1,697</u>

E. Property transactions

Acquisition of property, plant and equipment:

	Year ended December 31, 2023	Year ended December 31, 2022
Subsidiary	<u>\$ -</u>	<u>\$ 2,205</u>

F. Acquisition of dividend

	December 31, 2023	December 31, 2022
Subsidiary	<u>\$ 235,435</u>	<u>\$ 552,380</u>

G. Endorsed and guaranteed

(a) The balance of provision of endorsements and guarantees to subsidiaries for bank borrowings and constructions is shown below, please refer to Note 13(1)B. for details.

	December 31, 2023	December 31, 2022
Subsidiary	<u>\$ 321,176</u>	<u>\$ 321,176</u>

(b) The balance of provision of endorsements and guarantees to subsidiaries for lease of government-owned mining land is shown below, please refer to Note 13(1)B. for details.

	December 31, 2023	December 31, 2022
Parent company	<u>\$ 211,200</u>	<u>\$ 211,200</u>

(3) Key management compensation

	Year ended December 31	
	2023	2022
Short-term employee benefits	\$ 45,544	\$ 33,980
Post-employment benefits	163	259
	<u>\$ 45,707</u>	<u>\$ 34,239</u>

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Time deposits (shown as 'non-current financial assets at amortised cost')	<u>\$ 216,347</u>	<u>\$ 216,314</u>	Guarantee for mining land

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet recognised is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 1,363</u>	<u>\$ 1,295</u>

B. The amount of unused outstanding letters of credit for the importation of raw materials of the Company for the year ending December 31, 2023 is as follows:

Letters of credit	Monetary Item	Foreign Currency Amount
		(In thousands)
	JYP	\$ 31,500
	RMB	2,500

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Please refer to Note 6(14) for details of the appropriation of the 2023 earnings resolved by the Board of Directors on March 13, 2024.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The management reviews the Company's capital structure periodically and considers the costs and risks involved for a particular capital structure. Generally, the Company adopts a prudent risk management strategy.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 267,110	\$ 220,371
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,625,579	\$ 1,136,981
Financial assets at amortised cost	216,347	216,314
Notes receivable	163,579	126,669
Accounts receivable	63,519	78,016
Other receivables	4,077	8,247
Guarantee deposits paid	32,266	31,753
	<u>\$ 2,105,367</u>	<u>\$ 1,597,980</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Accounts payable	\$ 58,597	\$ 44,644
Other payables	197,420	159,076
Guarantee deposits received	17,893	18,036
	<u>\$ 273,910</u>	<u>\$ 221,756</u>
Lease liability	<u>\$ 29,748</u>	<u>\$ 31,530</u>

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central finance department (Company finance) under policies. Company finance identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

- (i). The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount		Book value (NTD)
	(In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 10,109	30.728	\$ 310,627
RMB : NTD	31,025	4.3270	134,244

December 31, 2022			
	Foreign currency amount		Book value (NTD)
	(In thousands)	Exchange rate	
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 14,980	30.742	\$ 460,506
RMB : NTD	32,885	4.4080	144,957

- (ii). The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to (\$1,379) and \$35,328 respectively.
- (iii). Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 3,106	-
RMB : NTD	1%	1,342	-

	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 4,605	\$ -
RMB : NTD	1%	1,450	-

ii. Price risk

- (i). The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company. The Company is not exposed to commodity price risk.
- (ii). The Company's investments in equity securities comprise domestic listed and unlisted shares. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$13,334 and \$10,995, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents as well as deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.
- ii. Based on the customers' contract period, financial position and past experience, the default occurs when the contract payments are past due over 150 days.

- iii. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- v. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. The Company has written-off financial assets that are still under recourse procedures for the years ended December 31, 2023 and 2022.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. For the years ended December 31, 2023 and 2022, no loss allowance for accounts receivable was recognised since the amount calculated using the simplified approach was immaterial.

(c) Liquidity risk

- i. Cash flow forecasting is aggregated by Company finance. Company finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining the financial statements to meet the requirements of financial ratios, the details are provided in Note 9(2), so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.
- ii. Surplus cash held by the Company over and above balance required for working capital management, Company finance will invest surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2023				
Accounts payable	\$ 58,597	\$ -	\$ -	\$ -
Other payables	197,420	-	-	-
Lease liability (Note)	9,692	3,591	10,266	8,627

Non-derivative financial liabilities

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2022				
Accounts payable	\$ 44,644	\$ -	\$ -	\$ -
Other payables	159,076	-	-	-
Lease liability (Note)	6,238	6,263	10,205	11,967

Note: It includes interests of expected future payments.

- iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The domestic unlisted stocks invested by the Company are included in Level 3.

- B. Fair value information of investment property at cost is provided in Note 6(10).
- C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable, other payables, and guarantee deposits received) are approximate to their fair values.
- D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2023 and 2022 are as follows:
- (a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 34,499</u>	<u>\$ -</u>	<u>\$ 232,611</u>	<u>\$ 267,110</u>

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 38,020</u>	<u>\$ -</u>	<u>\$ 182,351</u>	<u>\$ 220,371</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to equity instruments without active market. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12(3)I.
- iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	\$ 182,351	\$ 206,675
Sold in the period	-	( 7,509)
Losses recognised in profit or loss (Note)	50,260	( 15,051)
Transfers into other receivables	-	( 1,764)
At December 31	<u>\$ 232,611</u>	<u>\$ 182,351</u>

Note: Recorded as non-operating income and expense.

- G. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 194,140	Market comparable companies	Price to earnings ratio multiple	12.03~20.01	The higher the multiple, the higher the fair value
			Price to book ratio multiple	1.37~3.44	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	38,471	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range	Relationship of input to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 138,085	Market comparable companies	Price to earnings ratio multiple	3.81~32.27	The higher the multiple, the higher the fair value
			Price to book ratio multiple	0.87~2.54	The higher the multiple, the higher the fair value
			Discount for lack of marketability	20%~40%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares	44,266	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value

- I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

		December 31, 2023				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability and net asset value	±1%	\$ 2,326	(\$ 2,326)	\$ -	\$ -
		December 31, 2022				
		Recognised in profit or loss		Recognised in other comprehensive income		
	Input	Change	Favourable Change	Unfavourable Change	Favourable Change	Unfavourable Change
Financial assets						
Equity instrument	Price to earnings ratio multiple, price to book ratio multiple, discount for lack of marketability and net asset value	±1%	\$ 1,824	(\$ 1,824)	\$ -	\$ -

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 3.
- I. trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table: 6.

14. Segment Information

Not applicable.

**HSING TA CEMENT CO., LTD.**  
**STATEMENT OF CASH AND CASH EQUIVALENTS**  
**DECEMBER 31, 2023**  
(Expressed in thousands of New Taiwan dollars)

Item	Description				Amount
Cash on hand	Headquarters				\$ 54
Petty cash	South Shenghu factory and all places of business				640
Cash in banks					
Checking accounts					195,740
NTD demand deposits					672,106
NTD time deposits					309,600
Foreign currency demand deposits (Note)	USD	608,914.34	Exchange rate	30.728	18,711
	SGD	12,039.60	Exchange rate	23.293	281
	JPY	553,699.00	Exchange rate	0.2172	120
	CNY	324,751.22	Exchange rate	4.3270	1,405
Foreign currency time deposits (Note)	Interest rate: 1.8%~5.54%				
	USD	9,500,000.00	Exchange rate	30.728	291,916
	SGD	93,000.00	Exchange rate	23.293	2,167
	CNY	30,700,000.00	Exchange rate	4.3270	132,839
					<u>\$ 1,625,579</u>

Note: Foreign demand and time deposits are expressed in dollars.

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HSING TA CEMENT CO., LTD.  
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (in thousands)	Face Value (in dollars)	Total Amount	Interest Rate	Cost	Accumulated Impairment	Fair Value		Note
								Unit Price Net Value (in dollars)	Total Amount	
China Steel Corporation	Domestic shares	1,198	\$ 10	\$ 11,980		\$ 38,916		\$ 27.00	\$ 32,347	
Hotung Investment Holdings Limited	Foreign shares	60	22.30	1,338		2,549		35.87	2,152	
						<u>\$ 41,465</u>			<u>\$ 34,499</u>	

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HSING TA CEMENT CO., LTD.  
STATEMENT OF NOTES RECEIVABLE  
DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Non-related parties:			
A Corporation		\$ 41,518	
B Corporation		37,629	
C Corporation		13,718	
Others		36,671	None of the balance of each remaining expense is greater than 5% of this account balance
Less: Allowance for uncollectible accounts		-	
		<u>129,536</u>	
Related parties:			
Hsin I Ready Mixed Concrete Co., Ltd.		34,043	
Net amount		<u>\$ 163,579</u>	

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HSING TA CEMENT CO., LTD.  
STATEMENT OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Client Name	Description	Amount	Note
Non-related parties:			
D Corporation		\$ 22,148	
A Corporation		12,261	
E Corporation		7,184	
F Corporation		3,896	
G Corporation		3,503	
Others			None of the balance of each remaining expense is greater than 5% of this account balance
		<u>14,527</u>	
		\$ 63,519	
Less: Allowance for uncollectible accounts		<u>-</u>	
Net amount		<u>\$ 63,519</u>	

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HSING TA CEMENT CO., LTD.  
STATEMENT OF INVENTORIES  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 108,072	\$ 108,072	
Supplies		214,633	214,081	
Work in progress		8,716	15,246	
Finished goods		52,644	88,671	
		<u>384,065</u>	<u>\$ 426,070</u>	
Less: Allowance for loss on inventory decline in market value		( 552)		
Net amount		<u>\$ 383,513</u>		

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HSING TA CEMENT CO., LTD.  
STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Beginning Balance		Addition (Note 1)		Decrease (Note 2)		Ending Balance		Collateral	Note
	Shares(in thousands)	Fair Value	Shares(in thousands)	Amount	Shares(in thousands)	Amount	Shares(in thousands)	Fair Value		
Chin Ta Construction Co., Ltd.	5,200	\$ 40,295	-	\$ -	-	(\$ 5,616)	5,200	\$ 34,679	None	
Taiwan Ooparts Co., Ltd.	538	3,971	-	-	-	( 179)	538	3,792	"	
Taian Insurance Co., Ltd.	365	2,416	-	11,940	-	-	365	14,356	"	
Pershing Technology Services Co., Ltd.	2,662	67,285	120	39,489	-	-	2,782	106,774	"	
Fujitec Taiwan Co., Ltd.	70	14,281	-	281	-	-	70	14,562	"	
Global Securities Finance Co., Ltd.	163	-	-	-	( 163)	-	-	-	"	
Da Chiang International Co., Ltd.	3,448	54,103	-	4,345	-	-	3,448	58,448	"	
Power Digital Card Co., Ltd.	796	-	-	-	-	-	796	-	"	
Amcom Communications, Inc.(Preferred Stock B)	520	-	-	-	-	-	520	-	"	
Amcom Communications, Inc.(Preferred Stock C)	189	-	-	-	-	-	189	-	"	
		<u>\$ 182,351</u>		<u>\$ 56,055</u>		<u>(\$ 5,795)</u>		<u>\$ 232,611</u>		

Note 1: It refers to share dividends received from the investees, increase of book value of financial assets measured at fair value and reclassification of investments accounted for using equity method.

Note 2: It refers to proceeds from capital reduction of investees and decrease of book value of financial assets measured at fair value.

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HSING TA CEMENT CO., LTD.  
STATEMENT OF CHANGES IN LONG-TERM EQUITY INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of Financial Instrument	Beginning Balance		Addition		Decrease		Ending Balance		Unit Price (in dollars)	Total Amount	Collateral	Note
	Shares (in thousands)	Fair Value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of Ownership				
Hsin I Ready Mixed Concrete Co., Ltd.	6,072	\$ 292,832	-	\$ 49,501	-	(\$ 466)	6,072	55.20%	\$ 341,867	\$ -	\$ 341,867	None
Synergy Development Co., Ltd.	5,880	63,981	-	661	-	-	5,880	98.00%	64,642	-	64,642	"
Soaring Power Corp.	46,587	3,293,206	-	108,306	-	( 235,435)	46,587	66.67%	3,166,077	-	3,166,077	"
		<u>\$ 3,650,019</u>		<u>\$ 158,468</u>		<u>(\$ 235,901)</u>			<u>\$ 3,572,586</u>		<u>\$ 3,572,586</u>	

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HSING TA CEMENT CO., LTD.  
STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
H Corporation		\$ 12,970	
I Corporation		4,250	
J Corporation		2,400	
Others			None of the balance of each remaining expense is greater than 5% of this account balance
		<u>26,592</u>	
		46,212	
Estimated payable for material purchase	It refers to estimated other raw materials and supplies	<u>12,385</u>	
		<u>\$ 58,597</u>	

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HSING TA CEMENT CO., LTD.  
STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Volume	Amount	Note
Cement and clinker	741,792 tons	\$ 2,146,995	
Rental revenue		49,526	
Other operating revenue		78,224	
Less: Sales discounts and allowances		( 806)	
Net amount		<u>\$ 2,273,939</u>	

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HSING TA CEMENT CO., LTD.  
STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Amount	
	Subtotal	Total
Raw materials used		\$ 555,830
Beginning raw materials	\$ 167,182	
Add: Raw materials purchased	520,941	
Less: Ending raw materials	( 108,072)	
Less: Transferred out of limestone and clay	( 24,221)	
Indirect materials		113,038
Beginning indirect materials	217,167	
Add: Indirect materials purchased	118,907	
Less: Transferred out	( 8,403)	
Less: Ending indirect materials	( 214,633)	
Direct labor		101,833
Manufacturing expense		543,890
Manufacturing cost		1,314,591
Add: Beginning work in progress		30,077
Less: Ending work in progress		( 8,716)
Cost of finished goods		1,335,952
Add: Beginning finished goods		39,776
Less: Ending finished goods		( 52,644)
Add: Commodity tax		135,043
Add: Cost of limestone sales		24,221
Add: Cement purchased		61,578
Add: Underapplied overhead		22,662
Less: Loss on inventory decline in market value		( 26)
Cost of sales		1,566,562
Cost of rental sales		19,760
Other operating costs		11,148
		\$ 1,597,470

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HSING TA CEMENT CO., LTD.  
STATEMENT OF SELLING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Freight		\$ 33,640	
Wages and salaries		11,684	
Other expenses	Insurance expense, entertainment expense and vehicles operating expense, etc.	4,415	
		<u>\$ 49,739</u>	

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HSING TA CEMENT CO., LTD.  
STATEMENT OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Wages and salaries		\$ 63,083	
Other expenses	Rent expense, insurance expense and service expense, etc.	20,311	
		<u>\$ 83,394</u>	

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HSING TA CEMENT CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 199,500	\$ 32,517	\$ 232,017	\$ 183,185	\$ 27,307	\$ 210,492
Labour and health insurance fees	20,122	3,334	23,456	19,265	3,420	22,685
Pension costs	8,640	1,284	9,924	8,358	1,214	9,572
Directors' remuneration	-	40,966	40,966	5	29,535	29,540
Other personnel expenses	12,836	1,447	14,283	12,355	1,386	13,741
	<u>\$ 241,098</u>	<u>\$ 79,548</u>	<u>\$ 320,646</u>	<u>\$ 223,168</u>	<u>\$ 62,862</u>	<u>\$ 286,030</u>
Depreciation Expense	\$ 97,644	\$ 3,360	\$ 101,004	\$ 110,029	\$ 3,227	\$ 113,256
Amortisation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note:

1. As at December 31, 2023 and 2022, the Company had 351 and 349 employees, including 8 and 8 non-employee directors, respectively.

2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :

(1) Average employee benefit expense in current year was \$815 ('total employee benefit expense in current year – total directors' remuneration in current year' / 'the number of employees in current year – the number of non-employee directors in current year').

Average employee benefit expense in previous year was \$752 ('total employee benefit expense in previous year – total directors' remuneration in previous year' / 'the number of employees in previous year – the number of non-employee directors in previous year')

(2) Average employees salaries in current year was \$676 (total salaries and wages in current year / 'the number of employees in current year - the number of non-employee directors in current year').

Average employees salaries in previous year was \$617 (total salaries and wages in previous year / 'the number of employees in previous year - the number of non-employee directors in previous year').

HSING TA CEMENT CO., LTD.  
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION (Cont.)  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Expressed in thousands of New Taiwan dollars)

- (3) Adjustments of average employees salaries was 9.56% ('the average employee salaries and wages in current year - the average employee salaries and wages in previous year' / the average employee salaries and wages in previous year)
- (4) The Company has no supervisors, therefore it has no supervisors' remuneration for the years ended December 31, 2023 and 2022.
- (5) Salary policy for employees, managers, directors, independent directors.  
The directors, managers, and employees' emoluments are distributed in accordance with the Articles of Incorporation of the Company, the Remuneration Committee Charter and Personnel Regulations.
- A. The principle of directors' emoluments  
The directors' emoluments policy is set in the Articles of Incorporation and approved by the Board of Directors. The Board of Directors was authorised to determine the directors' emoluments in accordance with the general pay levels of the industry.  
The directors' transportation allowance is determined by the Board of Directors. The directors' remuneration is distributed in accordance with the Articles of Incorporation, if the Company has distributable profit for the year.
- B. President/Vice president  
The emoluments of the president and vice president consists of salary, bonus and employees' compensation. This emoluments policy is to offer appropriate emoluments based on their education and work experience by reference to the general pay levels of the industry, the assessment of responsibility and role of the position, target achievement and degree of contribution and the result of operation performance to recognise the responsibilities and risks they assumed.
- C. Employees  
Except for considering the general pay levels of the industry, the performance assessment as well as the content and amount of individual salary and compensation of the Company's employees are determined based on the assessment results according to the performance assessment standard, personal performance, the Company's operating performance and future risks.

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Hsing Ta Cement Co., Ltd.  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company(%)	Ceiling on total amount of guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Hsing Ta Cement Co., Ltd.	HSIN I READY MIXED CONCRETE	(2)	4,058,839	321,176	321,176	321,176	-	3.96	8,117,677	Y	N	N	
1	Hsin I Ready Mixed Concrete Co., Ltd.	Hsing Ta Cement Co., Ltd.	(3)	496,134	211,200	211,200	211,200	-	34.06	620,168	N	Y	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1)Having business relationship.
- (2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Under the Company's "Procedures for Provision of Endorsements and Guarantees", the Company's total guarantees and endorsements to others should not exceed the Company's net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 50% of the Company's net asset value based on the latest financial statements. The calculation is shown below:

- (1)  $\$8,117,677 \times 50\% = \$4,058,839$ .
- (2)  $\$8,117,677 \times 100\% = \$8,117,677$ .

Under the subsidiary, HSIN I READY MIXED CONCRETE CO., LTD.'s "Procedures for Provision of Endorsements and Guarantees", this company's total guarantees and endorsements to others should not exceed its net asset value based on the latest financial statements, and total guarantees and endorsements provided for a single party should not exceed 80% of its net asset value based on the latest financial statements. The calculation is shown below:

- (3)  $\$620,168 \times 80\% = \$496,134$ .
- (4)  $\$620,168 \times 100\% = \$620,168$ .

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Hsing Ta Cement Co., Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

		As of December 31, 2023						
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Hsing Ta Cement Co., Ltd.	China Steel Corporation		Current financial assets at fair value through profit or loss	1,198	\$ 32,347		\$ 32,347	
	Hotung Investment Holdings Limited		"	60	2,152		2,152	
Jiangsu Xinning New Building Materials Co., Ltd.	Agricultural Bank of China		"	-	393,665		393,665	
	Certificates Of Deposit China Merchants Bank		"	-	302,890		302,890	
	Certificates Of Deposit SPD Bank Certificates Of Bank of Jiangsu Co., Ltd.		"	-	216,944		216,944	
	Certificates Of Deposit Bank of China Certificates Of Deposit		"	-	43,270		43,270	
	China Merchants Bank Structured Deposits		"	-	129,810		129,810	
	Zijin Rural Commercial Bank Co.,Ltd. Structured Deposits		"	-	43,270		43,270	
	China Minsheng Bank Corp., Ltd. Structured Deposits		"	-	43,270		43,270	
Jiang Su Xin Ning New Building Materials Trading	Agricultural Bank of China		"	-	43,270		43,270	
	Certificates Of Deposit				<u>\$ 1,380,895</u>		<u>\$ 1,380,895</u>	

		As of December 31, 2023						
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares or units (in thousands)	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Hsing Ta Cement Co., Ltd.	Chin Ta Construction Co., Ltd.		Non-current financial assets at fair value through profit or	5,200	\$ 34,679	19.90	\$ 34,679	
	Taiwan Ooparts Co., Ltd.	Other related party	"	538	3,792	18.68	\$ 3,792	
	Taian Insurance Co ,ltd		"	365	14,356	0.12	14,356	
	Pershing Technology Services Corporation		"	2,782	106,774	8.73	106,774	
	Fujitec Taiwan Co., Ltd.		"	70	14,562	2.33	14,562	
	Da Chiang International Co., Ltd.		"	3,448	58,448	1.72	58,448	
	Power Digital Card Co., Ltd.		"	796	-	1.70	-	
	Amcom Communications,inc. (Preferred Stock B)		"	520	-	11.15	-	
	Amcom Communications,inc. (Preferred Stock C)		"	189	-	9.70	-	
					<u>\$ 232,611</u>		<u>\$ 232,611</u>	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 'Financial instruments'.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Hsing Ta Cement Co., Ltd.  
 Significant inter-company transactions during the reporting periods  
 Year ended December 31, 2023

Table 3

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Hsing Ta Cement Co., Ltd.	HSIN I READY MIXED CONCRETE CO., LTD.	1	Sales revenue	\$ 150,820	Note 4	2.41
1	Jiangsu Xinning New Building Materials Co., Ltd.	Jiangsu Xinning New Building Materials Trading Co., Ltd.	3	Sales revenue	2,992,904	Note 4	47.81
1	Jiangsu Xinning New Building Materials Co., Ltd.	Jiangsu Xinning New Building Materials Trading Co., Ltd.	3	Notes receivable	368,215	Note 4	3.18
1	Jiangsu Xinning New Building Materials Co., Ltd.	Jiangsu Xinning New Building Materials Trading Co., Ltd.	3	Accounts receivable	279,670	Note 4	2.42

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The rental charged and the payment terms agreed are available to third parties.

Hsing Ta Cement Co., Ltd.  
Information on investees  
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (In thousands)	Ownership (%)	Book value			
Hsing Ta Cement Co., Ltd.	Hsin I Ready Mixed Concrete Co., Ltd.	Taipei city	Manufacturing and sales of concrete	\$ 60,720	\$ 60,720	6,072	55.20	\$ 341,867	\$ 89,618	\$ 49,469	Subsidiaries
	Synergy Development Co., Ltd	"	Agency service of real estates, etc.	58,800	58,800	5,880	98.00	64,642	674	661	"
	Soaring Power Corp.	Virgin Islands	Overseas investment	1,488,493	1,488,493	46,587	66.67	3,166,077	247,453	164,977	"

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Hsing Ta Cement Co., Ltd.  
Information on investments in Mainland China  
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated	Amount remitted from Taiwan		Accumulated	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income	Book value of investments in Mainland China as of December 31 2023	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2023	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023	amount of remittance from Taiwan to Mainland China as of December 31 2023	(loss) recognised by the Company for the year ended December 31, 2023 (Note 3(2)B)			amount of investment income remitted back to Taiwan as of December 31, 2023			
Jiangsu Xinning New Building Materials Co., Ltd	Manufacturing of new building materials, new special cement clinker, various silicate cement and new special cement, mineral powder, stone, commercial concrete and cement products; recycling and wholesale of recycled materials; treatment and recycling of sewage; treatment of solid waste; construction of interior and exterior decoration; sales of self-produced products and provide related supporting services; import and export business of self- management and agent of various goods and techniques (goods and techniques that are restricted to operate and prohibited to import and export by the country are excluded)	\$ 2,450,325	2	\$ 1,487,098	\$ -	\$ -	\$ 1,487,098	\$ 299,127	66.67%	\$ 199,428	\$ 3,176,333	\$ 2,333,533	Note 3(2)B
		USD 76,880 (Note 1)	(Soaring Power Corp.)	USD 46,587			USD 46,587						
Nanjing Xinrong New Green Materials Co., Ltd	Research and development of new environmental protection materials, technology promotion services; development and service of energy conservation and environmental protection technology; manufacturing of special equipment for environmental protection; promotion services of environmental protection technologies and energy conservation technologies; manufacturing and wholesale of non- metallic ore and products; wholesale of chemical products (excluding hazardous chemicals); fine processing of non- metallic ore	43,980	3	-	-	-	-	( 1,979)	35.15%	( 696)	8,154	-	Note 3(2)C
		CNY 10,000	(Jiangsu Xinning New Building Materials Co., Ltd.)										
Jiangsu Xinning New Building Materials Trading Co., Ltd.	Sales of cement products, sales of construction materials, sales of perlite- based building materials, sales of building decorative materials, sales of asbestos products, sales of eco-environmental materials, research and development of new materials and technology	88,230	3	-	-	-	-	128,784	66.67%	85,860	165,941	-	Note 3(2)B
		CNY 20,000	(Jiangsu Xinning New Building Materials Co., Ltd.)										

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Hsing Ta Cement Co., Ltd.	\$ 1,487,098 USD 46,587	\$ 1,656,669 USD 51,254	\$ 5,994,361

Note 1: It includes capitalisation of earnings amounting to USD 7,000 with amount of  $USD 7,000 \times 66.67\% = USD 4,666.9$  approved by MOEA.

Note 2: Investment methods are classified into the following four categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China : Soaring Power Corp.
- (3) Reinvestments through an existing company in Mainland China approved by MOEA: According to the regulation of MOEA, the Company needs no approval from MOEA for reinvestments through an existing company in Mainland China, thus, those investment amounts are not included in the ceiling on investments.
- (4) Others.

Note 3: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - C. Others.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

Hsing Ta Cement Co., Ltd.  
Major shareholders information  
December 31, 2023

Table 6

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YANG CHUNG-HSIUNG	41,528,048	12.17%
YANG REN-HSIUNG	36,108,783	10.58%
YANG JEE SHING	34,905,166	10.23%
HU MEI-HONG	20,668,448	6.06%

HSING TA CEMENT CO.,LTD and subsidiaries

The statement of the consolidated financial statements of affiliated enterprises



The entities required to be included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023 under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with IFRS No. 10 “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed according to the Criteria is included in the consolidated financial statements prepared in conformity with IFRS No. 10. Consequently, The Company and its affiliates do not prepare a separate set of consolidated financial statements.

Hereby declare

Company name: HSING TA CEMENT CO.,LTD and subsidiaries

Responsible person: Zhi-Xiong Yang



March 13, 2024

**VI. If the Company or its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the annual report, their effects on the Company's financial status should be described: None.**

## **Seven. Review and analysis of financial status and financial performance and risks**

### **I. Financial Position**

Unit: Thousand NT\$

Item	Year		Increase (decrease) amount	Change %	Note
	2023	2022			
Current assets	6,686,926	6,560,477	126,449	1.93	-
Property, plant, and equipment	2,671,967	2,755,243	(83,276)	(3.02)	-
Intangible assets	17,537	8,904	8,633	96.96	(Note 1)
Other assets	2,186,740	2,165,402	21,338	0.99	-
Total assets	11,563,170	11,490,026	73,144	0.64	-
Current liabilities	1,391,300	1,629,093	(237,793)	(14.60)	-
Non-current liabilities	181,269	197,381	(16,112)	(8.16)	-
Total liabilities	1,572,569	1,826,474	(253,905)	(13.90)	-
Equity attributable to shareholders of the parent	8,117,677	7,765,913	351,764	4.53	-
Capital stock	3,411,589	3,411,589	-	-	-
Capital surplus	15,697	15,644	53	0.34	-
Retained earnings	4,883,546	4,475,164	408,382	9.13	-
Other equity	(193,155)	(136,484)	(56,671)	41.52	(Note 2)
Treasury shares	-	-	-	-	-
Non-controlling interests	1,872,924	1,897,639	(24,715)	(1.30)	-
Total equity	9,990,601	9,663,552	327,049	3.38	-
Analysis and explanation of changes in the increase or decrease percentage in the most recent 2 years:					
(Note 1) The increase in intangible assets was mainly due to the purchase of software in Mainland China.					
(Note 2) Mainly due to an increase in exchange differences on translation of foreign financial statements of subsidiaries in Mainland China in 2023.					

## II. Financial performance

Unit: Thousand NT\$

Item	Year		Increase (decrease) amount	Change %	Note
	2023	2022			
Operating revenues	6,259,864	6,388,338	(128,474)	(2.01)	
Operating gross margin	1,341,074	1,249,749	91,325	7.31	
Operating profits	989,292	911,139	78,153	8.58	
Non-operating income and expense	122,326	81,615	40,711	49.88	(Note 1)
Net income before tax	1,111,618	992,754	118,864	11.97	
Net income for the period	807,587	517,738	289,849	55.98	(Note 2)
Other comprehensive income (loss)	(89,947)	97,077	(187,024)	(192.66)	(Note 3)
Total comprehensive income for the period	717,640	614,815	102,825	16.72	
Net income attributable to shareholders of the parent	685,884	399,166	286,718	71.83	(Note 2)
Net income attributable to non-controlling interests	121,703	118,572	3,131	2.64	
Comprehensive income attributable to shareholders of the parent	624,638	463,300	161,338	34.82	(Note 2)
Comprehensive income attributable to non-controlling interests	93,002	151,515	(58,513)	(38.62)	(Note 2)
Earnings per share (Unit: NT\$)	2.01	1.17	0.84	71.79	(Note 2)

Analysis and explanation of changes in the increase or decrease percentage in the most recent 2 years:

(Note 1) Increase in non-operating income was due to higher valuation gains through profit and loss during the period.

(Note 2) Increase in net profit and earnings per share was due to increase in selling price, decrease in costs, resulting in the increase in gross profit margin.

(Note 3) Mainly due to exchange differences on translation of foreign financial statements of subsidiaries in Mainland China in 2023.

### III. Cash Flow

Cash flow analysis

Unit: Thousand NT\$

<b>(I) Analysis of change in cash flow in the most recent year:</b>					
Cash balance, beginning of period	Net cash inflow from operating activities during the year	Cash outflow for the year	Cash balance	Remedies for cash shortfall	
				Investment plan	Financing plan
2,767,084	714,733	(551,139)	2,930,678	-	-
Analysis and explanation of change in cash flow in the most recent year: <ol style="list-style-type: none"> <li>Cash inflow from operating activities decreased compared with the previous period: Due to the decrease in cash receivables for the period.</li> <li>Cash outflow from investing activities decreased compared with the previous period: Due to the increase in disposal of financial assets at amortized cost compared with the previous period.</li> <li>Cash outflow from financing activities decreased compared with the previous period: Due to the decrease in cash dividends paid</li> </ol>					
<b>(II) Analysis of change in cash flow in the coming year</b>					
Cash balance, beginning of period	Net cash inflow from operating activities during the year	Cash outflow for the year	Cash balance	Remedies for cash shortfall	
				Investment plan	Financing plan
2,930,678	2,026,288	(1,758,109)	3,198,857	-	-
Analysis and explanation of change in cash flow in the coming year <ol style="list-style-type: none"> <li>Operating activities: Due to the increase in the Company's profit.</li> <li>Investing activities: Purchase of fixed assets, construction of plant and equipment, increase in foreign investment, etc.</li> <li>Financing activities: Due to the payment of cash dividends.</li> </ol>					

### IV. Effect of major capital expenditures on finance and business matters in the most recent year.

(I) Major capital expenditures and source of fund

The Group's capital expenditure for 2023 was implemented by way of self funding in accordance with the budget plan and has no impact on the Group's finance and business matters.

Unit: Thousand NT\$

Item	Source of fund	Expenditure for 2023	Utilization of capital	
			Estimate for 2024	
Taiwan	Process equipment renovation and improvement project	Self-funding	-	135,464
Mainland	A smart mine system for non-coal mines	Self-funding	12,868	-
	Wet desulphurization project	Self-funding	28,202	9,419
	Coordinated disposal of general solid waste from cement kilns project	Self-funding	18,770	28,154
	Mine park road planting project	Self-funding	7,129	51,849

Impact on business from expected potential benefits

1. Green manufacturing, energy saving and carbon reduction are introduced into cement production to be in line with the government's environmental protection regulations.
2. Protecting the environment of mines, carrying out ecological environmental governance with plant as the main focus (plant restoration) in mines from the economic structure, industrial layout, comprehensive planning, renovation and management of mines, promoting safe mining and planting and greening of mines, improving and restoring environmental quality, achieving environmental friendliness, and promoting harmony between the environment and economic and social development is of great significance to sustainable development and fulfilling corporate social responsibilities.

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

### **(I) Reinvestment policy for the most recent year:**

The Company makes reinvestments based on its long-term strategy with business diversification to generate profit margins. The relevant units provide professional investment plans by evaluating future prospects, market profile, competitiveness, market share, business strategy, competition analysis, and current industry status of investment projects, etc., so that the management can judge and analyze the pros and cons of various investment projects when making the investment decisions, evaluate each investment project, and select feasible investment projects. In recent years, Mainland subsidiaries have remained the pivot of the Company's reinvestment.

### **(II) Main reasons for profit or loss, improvement plan**

The existing investment is mainly in Jiangsu Xinning New Building Materials Co., Ltd in the Nanjing area of the Mainland. is currently the key reinvestment. Due to the supply reforms in the cement market in Mainland China in recent years, low-efficiency production lines have been eliminated and PC32.5 low-end cement has been banned in some areas, coupled with the implementation of staggered peak production by cement plants, mandatory environmental protection production restrictions, and the self-regulatory control of industrial new capacity, the supply of cement has been suppressed, and coupled with the impact of the ongoing adjustment of the real estate sector, the demand in the cement market is weaker, the competition in the mainland cement market is fierce, and the cement price continues to decline. Overall, the production volume in the cement market hit a 13-year low in 2023, and although the central point of coal price shifted downward, the cement price fell at an even deeper rate, and industry profit contracted significantly during the year. Mainland China's cement market is larger than the Taiwan market. Even though the revenue and profit of our mainland subsidiaries were not as good as those in previous years, they still accounted for 50% and 30% of the consolidated revenue and consolidated net income in 2023, respectively, and the benefits of the investments in China will still be one of the sources of profit for the Company in the future.

The investment income of NT\$215,107 thousand in 2023 recognized in accordance with the equity method for long-term investments mainly came from the profit of the Mainland subsidiary Xinning.

### **(III) Future investment plan**

#### **1. Taiwan**

- (1) Continue to carry out the long-term plan for the activation and development of the Guanxi land.
- (2) The Company has worked with CHAINQUI CONSTRUCTION DEVELOPMENT CO., LTD. for joint construction and allocation of housing units on the land located at No. 602-1 and No. 603, Section 2, Section 2, Zhongzheng District, Taipei City, and it is estimated the current value of the land intended for the project is about NT\$450 million. This project is still underway.

#### **2. Mainland**

In 2020, to cooperate with the local government, Jiangsu Xinning established a wholly-owned investee Jiangsu Xinning New Building Materials with a registered capital of CNY 20 million to engage in the sale of cement products produced by the parent company Jiangsu Xinning. It has been put into operations since 2021. In 2023, in line with the local government's investment promotion policy, a mine park was constructed by increasing capital from earnings.

## VI. Risk analysis and assessment

(I) The impact of the changes in interest rate and exchange rate, and inflation on the Company's profitability and future corresponding measures:

1. Interest rate changes: The Company's interest rate risk mainly comes from the loan in U.S. dollars. Because of the debt with floating interest rates, changes in market interest rates will cause fluctuations in the cash flow. The loan in U.S. dollars has been repaid in February 2020, and the Company currently has no bank loan, so the interest rate changes have limited impact on the Company's profit or loss.
2. Exchange rate changes: The Group is a transnational business, so it is subject to exchange rate risks arising from exchanges different from functional currencies between the Company and its subsidiaries, mainly USD and CNY. The Company's products are all for domestic sales so there is no exchange problem in terms of revenues. Some imported raw materials are mainly paid in USD, and any significant fluctuations in the USD exchange rate will have an impact on the Company's financial status. The Company adjusts its USD stocks in accordance with changes in market exchange rates, and carries out spot foreign exchange transactions in a timely manner to reduce exchange risks. However, as exchange gains and losses are still subject to exchange rate fluctuations of USD and CNY, the Company will continue to monitor changes in market exchange rates in order to be able to respond in a timely manner. Exchange loss this year was NT\$12,489 thousand, accounting for -0.20% of revenues and -1.55% of net profit after tax. Exchange rate changes have limited impact on the Company's operations.
3. Inflation: The 2023 average consumer price index (CPI) issued by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, increased by 2.49% year on year. The global economy is experiencing increased geopolitical disruptions and financial market turbulence, and global merchandise trade growth in 2024 will be slightly higher than the pre-pandemic average. Domestic consumer price index is under upward pressure due to rising import prices and adjustments in domestic electricity tariff, etc. The Directorate-General of Budget, Accounting and Statistics estimates that the inflation level this year is still relatively mild compared to last year, and there is no concern about hyperinflation for the time being, so the impact on profit or loss is limited.
4. Future countermeasures: For foreign currency deposits and borrowings, in addition to coordinating the effective allocation of various funds, pay close attention to information related to economic and financial changes, strengthen the training of financial personnel to analyze the sensitivity of changes in interest rates and exchange rates, and keep abreast of global Business outlook to effectively manage changes in interest rates and exchange rates.

The Company's risk management is carried out by the Finance and Accounting Department in accordance with its policies. It is responsible for identifying, evaluating and hedging financial risks by working closely with various operating units within the Group. The Company has set out written principles for overall risk management, and also provides written execution policies for specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial

instruments, and the investment of remaining liquidity.

- (II) Policies on high-risk, highly-leveraged investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future corresponding measures:
1. The Company's financial operations are based on the principle of conservatism and stability, and there are no high-risk, high-leverage investments.
  2. Currently, the Company has not lent any funds to others, and the counterparties of the endorsements/guarantees are all subsidiaries, and the balance of the endorsements/guarantees was both NT\$321,176 thousand as of December 31, 2023 and March 31, 2024. In addition to strengthening the supervision of subsidiaries, the Company complies with the relevant laws and regulations of the Financial Supervisory Commission and the Company's "Operating Procedures for Lending Funds to Others" and "Operating Procedures for Endorsement and Guarantee" in order to reduce the risk of lending funds and guarantees. Currently, subsidiaries are in normal financial condition and are contributing to the Company's non-operating income without making losses.
  3. The Company is not currently engaged in derivative transactions.
  4. The Company follows the "Operating Procedures for Lending Funds to Others" and "Operating Procedures for Endorsement and Guarantee" established in accordance with the Company Act to handle the relevant matters, and has set up a memorandum book for regular review of each transaction to manage transaction risks.

(III) Future R&D plans and the estimated expenses:

The Company will continue to improve operation rate, save energy and reduce waste, invest in reuse and evaluation of environmental protection equipment, increase the production of low temperature cement, and expect to invest approximately NT\$ 37,319 thousand in R&D in the future.

Item	Effectiveness
Low carbon cement process equipment	Reduce the carbon intensity of products in response to environmental change.
Modification of raw material mill separator and cyclone	Enhance the efficiency of separating powder and reduce energy consumption.
Modification of preheater for reduction of resistance and power consumption and improvement of efficiency	Increase the area of air inlet, so on the one hand, the inlet wind speed is reduced, the resistance of preheater is reduced, the rotating speed of high temperature fan is reduced, the power consumption is reduced, and on the other hand, the separation efficiency of cyclone is improved, the outlet temperature of the first cylinder is reduced, the coal saving is achieved, the effect of spreading the raw material into the kiln is improved, and the short-circuiting of the raw material is put to an end, the effect of the solid-air heat exchange of the preheater is improved, and the efficiency of the utilization of thermal energy is increased, the outlet temperature of the first cylinder is reduced, and the coal saving is achieved.
Modification of the coal feeding pipeline of kiln tail coal weighing scale	Cancel the elbow, reduce pipeline resistance, thereby reducing the kiln tail fan power consumption due to the reduction of fan air supply to reduce the coal weighing scale cascade phenomenon, while coal weighing scale load factor fluctuations can be significantly improved to ensure rotary kiln calcination.
Modification of three air duct insulation	Reduce the shell heat dissipation to increase the temperature of the three air ducts, reducing the amount of coal used in the decomposition furnace, for coal saving and reduction in power consumption.
Estimated total R&D expenses	NT\$37,319 thousand

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

In response to the amendments to important policies and relevant laws, including corporate governance, the Company Act, and the Securities and Exchange Act by competent authorities, countermeasures are taken:

1. The Company raises directors', managers', and employees' awareness of applicable laws and regulations amended by the competent authorities from time to time.
2. Strengthen the Audit Committee's function of supervising the Company's financial data. The Company's financial statements for each period are submitted to the Audit Committee for discussion and approval starting from 2022 and should be submitted to the Board of Directors for deliberation.
3. In order to continuously strengthen the functions of the Board of Directors, the Board of Directors resolved on March 14, 2023 to amend the Company's "Measures for the Self-Evaluation or Peer Evaluation of the Board of Directors", so that, in addition to the annual evaluation of the performance of the Board of Directors, an evaluation of the performance of the functional committees will be carried out starting from 2024, and the Company has already reported the results of the evaluation for 2023 to the Board of Directors.
4. The "Climate Change Response Act" was amended on February 15, 2023 on the control measures for greenhouse gas emissions. In order to achieve the national long-term greenhouse gas reduction targets and the control targets for each phase, a carbon fee will be levied in phases, and the first batch of control targets will be large-scale manufacturers with annual emissions of more than 25,000 tons, and the Company belongs to the first batch of controlled industries, and the levy of the carbon fee will have a significant impact on the Company's finances. The Company will continue to pay close attention to the Ministry of the Environment's announcement on the method of levy and the rate of levy.
5. In response to the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies (2022)" and the "Sustainable Development Action Plan for TWSE/TPEX Listed Companies (2023)" issued by the FSC, the Company completed the greenhouse gas inventory and verification plan schedule of its parent company (including the Head Office, Nanshenghu Plant and mining sites) in the second quarter of 2022, and presented the greenhouse gas inventory and plan schedule of its subsidiaries to the Board of Directors on March 14, 2023, and completed the greenhouse gas inventory of the parent company in April of the same year and obtained ISO 14064:1:2018 certificate from the third-party verification agency of SGS. In order to implement the carbon reduction plan, some cement products not only mixed with alternative raw materials, but we also voluntarily promoted the carbon footprint calculation system for products in the same year, and expect to obtain the ISO14067 carbon footprint verification certificate in the fourth quarter of 2024.
6. As the Mainland government has become more stringent in the cement industry's nitrogen oxide emission standards, winter stagger peak production requirements, and exhaust gas emission standards, Companies are required to follow changes in the reduction of the total emissions of major air pollutants, increase the speed to government's requests, and strengthen the implementation of relevant controls, Subsidiary Jiangsu Xinning has formulated various management and control plans in response to the requirements of the local government, imposed stricter emission indicators than the local standards, optimized internal control process to improve work results and efficiency, monitored carbon emission data of the cement plant, controlled and enforced emission reductions, and invested a considerable amount of money in the construction of pollution prevention equipment, technological modification, and industrial upgrades so as to improve the environmental protection functions of equipment and technology, so as to respond to stricter environmental protection policy requirements at any time.

Impact on financial business:

To cooperate with the government's measures and policies, operating costs have increased year by year, but it can create positive effects for the Company as it helps enhance the overall corporate image.

(V) The influence of changes in technology (including cyber security risks) and the industry on the Company's financial business and countermeasures:

1. Changes in technology

With the changes in the industry and the development of digital technology, the plants in China have accelerated the development of smart cement plants. From raw material supply, production, sales to

transportation, the entire production line is managed through program control and delicacy management, and financial operations have been managed using digital technology. With the national development of information, digitalization and 5G communication, the Company is gradually completing the foundation of smart plant development to improve efficiency, reduce costs, and produce products with the highest quality recognized by clients while continuing to explore the potential of energy conservation and consumption reduction to produce low-carbon products. The Company will continue to pursue new technologies to reach new heights while cultivating and enhancing the business capabilities of the operating team to respond to changes in the times so as to enhance competitive advantages and corporate productivity and competitiveness.

The changes in technology (including cyber security risks) and the industry did not impact the Company's financial business. Please refer to "VI. Cyber security management" on page 77 of this annual report for information on our information security risk management.

2. Industrial changes:

The cement manufacturing industry is a highly capital-intensive, highly energy-consuming traditional industry, and is also a very important basic industry for people's livelihood, so it still needs to maintain a stable production capacity. Under the conflict between environmental conservation and industrial development, introduce green manufacturing process for energy saving and carbon reduction, and completely capture, recycle and reuse pollutants generated in the manufacturing process. The high-temperature combustion of cement rotary kilns can be used by other industries to convert wastes into resource for reuse, and the waste treatment fees will become an important income, creating a circular economy and demonstrating the contribution of cement manufacturing to the environment to achieve sustainable development. It requires the government and enterprises to invest capital and manpower in research and development, and to relax the regulations on waste disposal in order to promote the continuous improvement of the overall industry, and to produce cement alternative in compliance with the Mining Act, so as to achieve a good balance between environmental protection and industrial development.

- (VI) The impact of change in corporate image on corporate crisis management and corresponding measures  
The Company always adopts the management principle of conservatism and stability, and established a friendly and long-term interactive relationship with the mass society; releases material information on the Company's financial and business status in real time on the Company's official website, as an interactive communication channel with the investing public, regularly holds shareholder meetings and corporate briefings to increase financial transparency, actively participate in public welfare activities in the community, cooperate with the policy of energy saving, emission reduction and circular economy, strengthen planting and greening, places emphasis on environmental protection, fulfill our social responsibility, and establish a good corporate image. There are dedicated personnel to handle and respond to different kinds of unexpected emergencies.
- (VII) Expected benefits and possible risks of mergers and acquisitions and corresponding measures  
The Company currently has no merger and acquisition plans; if there is a suitable M&A option, it will make a reasonableness evaluation by analyzing the investment benefits and costs and related possible risks and rewards, and envisioning the corresponding measures to address the related risks.
- (VIII) Expected benefits and possible risks of plant expansion and corresponding measures:  
The Company currently has no plan for plant expansion.
- (IX) Risks of concentrations of purchases or sales and corresponding measures:
1. Purchases: In order to gain price advantage and ensure stable quality, the Company adopts a rather concentrated purchasing method for some bulk raw materials. However, in order to reduce the risk of sudden supply interruption, in addition to maintaining safety stocks, it also has friendly contacts and regular transactions with other manufacturers.
  2. Sales: The Company currently has no risk of over-concentration in the proportion of sales from any single customer and has established long-term and stable cooperative relationships with customers. Combining the competitive advantages of these customers with those of the Company can ensure

the Company's long-term stable growth, and diversifying customer base can help achieve the purpose of diversifying risks and reducing the significant impact of a single or a small number of customers on the Company.

- (X) Where the Company's directors or major shareholders holding more than 10% of the Company's shares transfer or replace their shares in a large quantity, it may cause changes in the management rights, and investors may have concerns about the Company's operating conditions, which may result in fluctuation in the Company's market prices of securities. The transfer of equity by the Company's insiders is filed as per the relevant regulations of the competent authority, and there was no massive transfer of equity this year.
- (XI) The structure of the Company's major shareholders is stable, and the chance of temporary replacement of the Chairman or senior managers is very low. If there is a in the company's management rights, which leads to replacement of the Chairman or senior managers without suitable successors recruited, it may adversely affect the Company's operations. In the event of the above-mentioned personnel replacement, the Company strives to recruit appropriate professional managers who identify with the Company's corporate culture and work to achieve the Company's business goals, to cope with the risk of changes in the management rights. At present, the Company's business strategy, business policy, and Board of Directors are operating well without major changes in management rights, and there should be no risk of major changes in management rights.
- (XII) The impact on the Company and risks of change in management rights and corresponding measures: The structure of the Company's major shareholders is stable and the Company's business strategy, business policy, and Board of Directors are operating well, so there should be no risk of major changes in management rights.
- (XIII) Litigation or non-litigation events (if the Company, its directors, supervisors, general managers, de facto persons in charge, major shareholders with more than 10% stake, or subordinate companies have been convicted by final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case as of the date of publication of the annual report shall be disclosed): None.
- (XIV) Other major risks and corresponding measures:
1. Organizational structure of risk management

Part-time risk management unit	Function
• Remuneration Committee	subordinate to the Board of Directors. According to the Remuneration Committee Charter, formulate and regularly evaluate the performance and remuneration system and standards for directors and managerial officers.
• Audit Committee	subordinate to the Board of Directors. The main responsibilities as per the Audit Committee Charter are to supervise: <ol style="list-style-type: none"> <li>1. Appropriate expression of the Company's financial statements.</li> <li>2. The appointment (dismissal), independence and performance of attesting CPA.</li> <li>3. Effective implementation of internal control.</li> <li>4. Compliance with the relevant laws and regulations.</li> <li>5. Management and control of the Company's existing or potential risks.</li> </ol>
• Audit department	Responsible for promoting and revising the internal control systems, evaluating the potential risks of each unit's business, and preparing and implementing risk management-oriented annual audit plans.
• Finance and accounting department	Responsible for financial operation strategy, investment strategy, financing strategy and dividend strategy, budget control management, account handling and tax planning to ensure the reliability and transparency of financial reporting and compliance with relevant laws and regulations in order to reduce operational risks of the Company.
• Business department	Responsible for marketing strategy, customer credit and understanding of market trends and striving for the achievement of operational objectives and reduction in business risks.
• Safety and Health Management	Formulate an occupational safety and health management plan and guide its implementation by the relevant departments.

Part-time risk management unit	Function
Office	Responsible for the identification, evaluation and control of work environment or operation hazards, the formulation of safety and health operation standards and the monitoring of the working environment to reduce plant hazards and employee safety risks.
• Administration Department	Responsible for purchasing and contracting, and establishing a hedging mechanism for price changes and insufficient supply of raw materials to reduce the risk of purchasing operations.

2. The impact of climate change on production management and countermeasures

(1) The impact of climate change on production management:

Climate change is a global crisis of concern, and this issue will also impact everyone's life. Global carbon risks may lead to rising oil and electricity prices, increase in the manufacturing and transportation costs, stricter energy taxes, carbon taxes, and environmental protection laws, and additional investment costs, which have a direct economic and operational impact on enterprises.

(2) Countermeasures:

To alleviate the impact of climate change, we have actively adopted countermeasures. The Company has also considered such issues in the production and operations and set stage-based environmental targets at various to meet increasingly stringent national environmental emissions standards and to mitigate the impact of greenhouse gas emissions on global warming, with the aim of contributing a share to improve this global crisis.

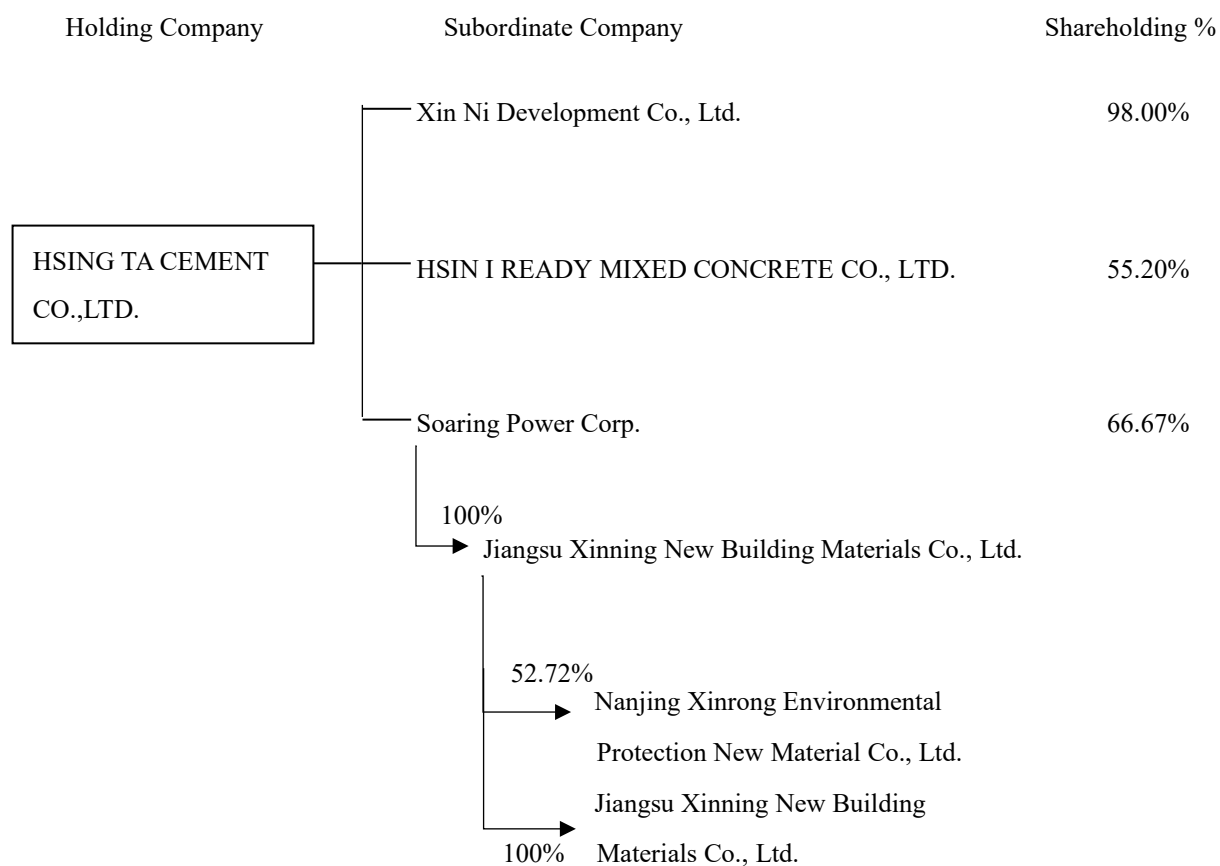
- A. Improve production efficiency to reduce unit product electricity consumption and heat value, and it is expected to reduce coal consumption and carbon dioxide emissions.
- B. Avoid greenhouse gases that are generated due to the large amount of fuel required for long-distance transportation through local and short-distance procurement of raw materials and supplies.
- C. Seek a variety of possible resources and materials for reuse to replace natural resources and reduce the fuel and electricity consumption for mining of raw materials.
- D. Plan to develop green energy and select excellent companies to build a solar power system at the existing buildings and vacant land of the plant. The system hardware was installed in 2022. The current actual power generation is about 1,147,323 kWh per year.

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

## Eight. Special Matters

### I. Information on the Company's Affiliates

#### (I) Organization Chart of Affiliated Enterprises



## (II) Basic information on each affiliated enterprise

Unit: NT\$ (USD) Thousand

Enterprise Name	Date of Incorporation	Address	Paid-in capital	Major business and production items
HSING TA CEMENT CO.,LTD.	1964.03.15	7F., No. 37, Baoqing Rd., Taipei City	3,411,589	Mining, processing, warehousing and distribution of quarries, general waste disposal, real estate trading and leasing, and building management consulting.
Xin Ni Development Co., Ltd.	1974.06.10	8F., No. 37, Baoqing Rd., Taipei City	60,000	Intermediary business of house rental and sale, etc.
HSIN I READY MIXED CONCRETE CO., LTD.	1990.02.09	8F., No. 37, Baoqing Rd., Taipei City	110,000	Manufacturing and distribution of ready-mixed concrete.
Soaring Power Corp.	2006.07.03	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110 British Virgin Islands.	2,208,666 (USD 69,880)	Overseas investments.
Jiangsu Xinning New Building Materials Co., Ltd.	2006.08.04	88 Xingchuo Road, Shiyao Village, Xingdian Town, Pukou District, Nanjing City, Jiangsu Province	2,,450,325 (USD 76,880)	Production of new building materials, new special cement clinker, silicate cement of various grades and new special cement, mineral powder, stone, commercial concrete and cement products, recycling and wholesale of recovered materials, sewage treatment and recycling, solid waste treatment, interior and exterior decoration works, sales of self-made products and related supplementary services, Import and export of various self-made and distributed commodities and technologies (except for the import and export of commodities and technologies restricted and prohibited by the state).
Nanjing Xinrong Environmental Protection New Material Co., Ltd.	2019.05.14	No. 12-68, Yucai North Road, Xingdian Street, Pukou District, Nanjing City, Jiangsu Province	43,980 (CNY 10,000)	Environmental protection new materials R&D, technology promotion services; energy conservation and environmental protection technology development and services; environmental protection special equipment manufacturing; environmental protection technology promotion services, energy conservation technology promotion services; non-metallic minerals and products manufacturing and wholesale; chemical wholesale (excluding hazardous chemicals); Fine processing of non-metallic minerals.

Enterprise Name	Date of Incorporation	Address	Paid-in capital	Major business and production items
Jiangsu Xinning New Building Materials Co., Ltd.	2020.12.10	88 Xingchuo Road, Shiyao Village, Xingdian Town, Pukou District, Nanjing City, Jiangsu Province	88,230 (CNY 20,000)	Sales of cement products; sales of building materials; sales of light construction materials; sales of building decoration materials; sales of asbestos products; sales of eco-friendly materials; R&D of new material technologies.

(III) Business description

1. Industries covered by the businesses of the overall affiliates:

The affiliated enterprises are mainly engaged in several industries, including cement production and distribution, ready-mixed concrete manufacturing and distribution, commercial building construction by commissioned contractors, public housing rental and sale business, general waste processing, building management consulting, sales of new building materials, mineral powder, stone, commercial concrete and cement manufacturing, as well as providing related supplementary services and overseas investment.

2. The businesses of the affiliated enterprises are related to each other.

- The Company's cement sold is the raw material purchased by HSIN I READY MIXED CONCRETE CO., LTD.
- The denitrifying agent sold by Nanjing Xinrong Environmental Protection New Material Co., Ltd. is the raw material of Jiangsu Xinning New Building Materials Co., Ltd.

Jiangsu Xinning New Building Materials Co., Ltd. sells spoil on behalf of Jiangsu Xinning New Building Materials Co., Ltd.

(IV) Information on directors and supervisors of affiliated enterprises

Unit: shares; %

Enterprise Name	Title	Name or representative	Shareholding	Shareholding %
HSING TA CEMENT CO.,LTD.	Chairman	Zhi-Xiong Yang	34,905,166	10.23
	Director	Zhong-Xiong Yang	41,528,048	12.17
	Director	Ren-Xiong Yang	36,108,783	10.58
	Director	Da-Qin Yang	8,145,934	2.39
	Director	Hua-Ling Lin	3,350,620	0.98
	Director	Debo Investment Co., Ltd. Representative: Bo-Wei Yang	50,000	0.01
	Independent director	Zheng-Ting Chen	-	-
	Independent director	Rui-Tai Wu	-	-
	Independent director	Zheng-Tong Shi	-	-
Xin Ni Development Co., Ltd.	Chairman	HSING TA CEMENT CO., LTD. Representative: Zhong-Xiong Yang	5,880,000	98.00
	Director	Representative: Tang-Hai Yang		
	Director	Representative: De-Xiong Yang		
	Director	Representative: Ren-Xiong Yang		
	Director	Representative: Dunzhi Yang		
	Supervisor	Representative: Zhi-Xiong Yang		
HSIN I READY	Chairman	Zhi-Xiong Yang	2,355,095	21.41

Enterprise Name	Title	Name or representative	Shareholding	Shareholding %
MIXED CONCRETE CO., LTD.	Director Director Supervisor	HSING TA CEMENT CO., LTD. Representative: De-Xiong Yang Representative: Zhong-Xiong Yang Representative: Ren-Xiong Yang	6,072,000	55.20
Soaring Power Corp.	Director	HSING TA CEMENT CO., LTD. Representative: Ren-Xiong Yang	46,586,667	66.67
Jiangsu Xinning New Building Materials Co., Ltd.	Chairman Director Director Director Director Supervisor	Soaring Power Corp. Representative: Ren-Xiong Yang Representative: Bo-Min Yang Representative: Zhi-Xiong Yang Representative: Da-Kuan Yang Representative: Yipeng Yang Representative: Da-Qing Yang	Jiangsu Xinning New Building Materials Co., Ltd. is a wholly-owned enterprise with no shares issued.	100.00
Nanjing Xinrong Environmental Protection New Material Co., Ltd.	Chairman Director Director Supervisor  Director Director	Jiangsu Xinning New Building Materials Co., Ltd. Representative: Ren-Xiong Yang Representative: Zhi-Xiong Yang Representative: Yiheng Zhou Representative: Boyuan Yang Shanghai Sanrong Environmental Protection Engineering Co., Ltd. Representative: Cifu Zeng Representative: Na Miao	Nanjing Xinrong Environmental Protection New Material Co., Ltd. is a joint venture with no shares issued.	52.72
Jiangsu Xinning New Building Materials Co., Ltd.	Chairman Director Director Director Director Supervisor	Jiangsu Xinning New Building Materials Co., Ltd. Representative: Ren-Xiong Yang Representative: Zhi-Xiong Yang Representative: Da-Kuan Yang Representative: Yipeng Yang Representative: Bo-Min Yang Representative: Da-Qing Yang	Jiangsu Xinning New Building Materials Co., Ltd. is a wholly-owned enterprise with no shares issued.	100.00

(V) Business Overview of Affiliated Enterprises

Unit: Thousand NT\$

Enterprise Name	Capital	Total assets	Total Liabilities	Net worth	Operating revenues	Operating profits (losses)	Net income (losses) for the period	Earnings per share (NT\$)
HSING TA CEMENT CO.,LTD.	3,411,589	8,610,374	492,697	8,117,677	2,273,939	543,121	685,884	2.01
Xin Ni Development Co., Ltd.	60,000	66,059	98	65,961	-	( 119)	674	0.11
HSIN I READY MIXED CONCRETE CO., LTD.	110,000	806,564	186,396	620,168	887,394	112,031	89,618	8.15
Soaring Power Corp.	2,208,666	4,790,306	41,428	4,748,878	299,127	288,355	247,453	3.54

Note 1: The operational overview of the investees, Nanjing Xinrong Environmental Protection New Material Co., Ltd. and Jiangsu Xinning New Building Materials Co., Ltd., have been included in the financial statements of Soaring Power Corp.

(VI) Consolidated financial statements of affiliated enterprises: None.

(VII) Consolidated business report of affiliated enterprises: None.

**II. Private placement of securities during the most recent year or during the current year up to the date of publication of the annual report: None.**

**III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year or during the current year up to the date of publication of the annual report: None.**

**IV. Other matters that require additional explanation: None.**

**V. If any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, has occurred during the most recent year or during the current year up to the date of publication of the annual report: None.**

HSING TA CEMENT CO.,LTD



Chairman: Zhi-Xiong Yang



May 31, 2024

