

HSING TA CEMENT CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

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.

Lee, Hsiu-Ling

Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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	%		
Current assets								
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	Current assets			2,294,739	27		1,861,540	23
Non-current assets								
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	Non-current assets			6,315,635	73		6,332,326	77
1XXX	Total assets		\$	8,610,374	100	\$	8,193,866	100

(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	%
Current liabilities						
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	Current Liabilities		380,502	5	310,984	4
Non-current liabilities						
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	Non-current liabilities		112,195	1	116,969	1
2XXX	Total liabilities		492,697	6	427,953	5
Equity						
	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	Total equity		8,117,677	94	7,765,913	95
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 8,610,374	100	\$ 8,193,866	100

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)

			Year ended December 31			
			2023		2022	
Items	Notes		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	Profit before income tax		838,001	37	572,121	32
7950	Income tax expense	6(23)	(152,117)	(7)	(172,955)	(10)
8200	Profit for the year		\$ 685,884	30	\$ 399,166	22
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
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)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
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	Other comprehensive (loss) income for the year		(\$ 61,246)	(3)	\$ 64,134	4
8500	Total comprehensive income for the year		\$ 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
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
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		607,814	167,229

(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		156,011	514,110
<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		(275,227)	(532,667)
Net increase in cash and cash equivalents		488,598	148,672
Cash and cash equivalents at beginning of year		1,136,981	988,309
Cash and cash equivalents at end of year		\$ 1,625,579	\$ 1,136,981

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 model rules’	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

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 694	\$ 691
Checking accounts	195,740	128,646
Demand deposits	692,623	256,016
Time deposits	952,869	967,942
	1,841,926	1,353,295
Less: Time deposits pledged	(216,347)	(216,314)
	<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)
	<u>\$ 34,499</u>	<u>\$ 38,020</u>
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
	<u>\$ 232,611</u>	<u>\$ 182,351</u>

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	<u>\$ 46,739</u>	<u>(\$ 22,007)</u>

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	<u>\$ 216,347</u>	<u>\$ 216,314</u>

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	<u>\$ 2,293</u>	<u>\$ 1,354</u>

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

	December 31, 2023	December 31, 2022
Notes receivable	\$ 129,536	\$ 102,622
Notes receivable due from related parties	34,043	24,047
Less: Allowance for uncollectible accounts	-	-
	<u>\$ 163,579</u>	<u>\$ 126,669</u>
Accounts receivable	\$ 63,519	\$ 78,016
Less: Allowance for uncollectible accounts	-	-
	<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:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
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

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
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							
	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		
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							
	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		
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:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 165,771)	(\$ 166,427)
Fair value of plan assets	126,380	132,484
Net defined benefit liability	(\$ 39,391)	(\$ 33,943)

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 166,427)	\$ 132,484	(\$ 33,943)
Current service cost	(1,283)	-	(1,283)
Interest (expense) income	(2,164)	1,723	(441)
	(169,874)	134,207	(35,667)
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)
	(6,092)	647	(5,445)
Pension fund contribution	-	1,721	1,721
Paid pension	10,195	(10,195)	-
At December 31	(\$ 165,771)	\$ 126,380	(\$ 39,391)

	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)
	(189,106)	154,466	(34,640)
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)
	(12,994)	11,998	(996)
Pension fund contribution	-	1,693	1,693
Paid pension	35,673	(35,673)	-
At December 31	(\$ 166,427)	\$ 132,484	(\$ 33,943)

- (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		57,777
	<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:

	Taiwan	
	Cement	Revenue from recycling and treatment
Year ended <u>December 31, 2023</u>		
Revenue from external customer contracts	<u>\$ 2,146,189</u>	<u>\$ 78,224</u>
		<u>\$ 2,224,413</u>

	Taiwan	
	Cement	Revenue from recycling and treatment
Year ended <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
	40,284	(33)	-	40,251
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)
	(38,968)	3,635	1,089	(34,244)
	<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
	37,718	2,566	-	40,284
Deferred tax liabilities:				
Actuarial loss on defined benefit plan	(6,313)	-	199	(6,114)
Foreign subsidiaries's investment income	-	(32,854)	-	(32,854)
	(6,313)	(32,854)	199	(38,968)
	<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

	Year ended December 31, 2023		
	<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	<u>\$ 685,884</u>	<u>341,159</u>	<u>\$ 2.01</u>
<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	<u>-</u>	<u>1,113</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 685,884</u>	<u>342,272</u>	<u>\$ 2.00</u>
	Year ended December 31, 2022		
	<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	<u>\$ 399,166</u>	<u>341,691</u>	<u>\$ 1.17</u>
<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	<u>-</u>	<u>1,029</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 399,166</u>	<u>342,720</u>	<u>\$ 1.16</u>

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
	<u></u>	<u></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	<u>\$ 112,922</u>	<u>\$ 70,810</u>

(26) Changes in liabilities from financing activities

2023			
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
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			
	Guarantee deposits received	Lease liabilities	Liabilities from financing activities-gross
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

Names of related parties	Relationship with the Company
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	
	2023	2022
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:

	Monetary Item	Foreign Currency Amount	
		(In thousands)	
Letters of credit	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 (In thousands)	Exchange rate	Book value (NTD)
(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 (In thousands)	Exchange rate	Book value (NTD)
(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:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 34,499	\$ -	\$ 232,611	\$ 267,110

<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<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	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	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		-	
		129,536	
Related parties:			
Hsin I Ready Mixed Concrete Co., Ltd.		34,043	
Net amount		\$ 163,579	

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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
		14,527	
		\$ 63,519	
Less: Allowance for uncollectible accounts		-	
Net amount		\$ 63,519	

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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	
		384,065	<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
		<u>\$ 1,597,470</u>

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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:

- As at December 31, 2023 and 2022, the Company had 351 and 349 employees, including 8 and 8 non-employee directors, respectively.
- A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :
 - 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')
 - 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 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 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	(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)

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		"	-	393,665		393,665	
	Certificates Of Deposit China Merchants Bank		"	-	302,890		302,890	
	Certificates Of Deposit SPD Bank		"	-	216,944		216,944	
	Certificates Of Deposit Bank of Jiangsu Co., Ltd.		"	-	130,007		130,007	
	Certificates Of Deposit Bank of China		"	-	43,270		43,270	
	Certificates Of Deposit China Merchants Bank		"	-	129,810		129,810	
	Structured Deposits Zijin Rural Commercial Bank Co.,Ltd.		"	-	43,270		43,270	
	Structured Deposits China Minsheng Bank Corp., Ltd.				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>	

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.	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.		"	520	-	11.15	-	
	(Preferred Stock B)							
	Amcom Communications,inc.		"	189	-	9.70	-	
	(Preferred Stock C)							
					<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	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance	Balance	Number of shares (In thousands)	Ownership (%)	Book value	(Note 2(2))	(Note 2(3))	
				as at December 31, 2023	as at December 31, 2022						
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 of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	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 amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan		(Note 3(2)B)						
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 7,000×66.67%=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%

Table 6