Stock Code:1535

China Ecotek Corporation

2023 Annual Report

Printed on March 31, 2024

The Company's annual report website:

http://www.ecotek.com.tw

TWSE Market Obervation Post System：

http://mops.twse com.tw

Company Spokesperson:

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Title: Vice President, Management Department
Tel: (07)333-6138
E-mail:finance@ecotek.com.tw

Acting Spokesperson

Name: Ya-Min Chuang
Title: Assistant Vice President, Management Department
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Addresses and telephone numbers of the head office, branch offices, and factories

Head office
Address: 8F, No. 88, Chenggong 2nd Rd., Qianzhen District, Kaohsiung City 806618
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Branches: None
Factories: No. 201, Pingher Rd., Xiaogang District, Kaohsiung City 812002
Tel: (07)812-1237

Name, address, website, and telephone number of the stock transfer agency

Name: President Securities Corp. Stock Affairs Department
Address: B1, No. 8, Dongxing Rd., Taipei City
Website:www.pscnet.com.tw
Tel: (02)2746-3797

Name of the CPA and name, address, website, and telephone number of the accounting firm for financial statements in the most recent year:

Name: Li-Yuan Kuo, CPA and Chao-Chun Wang, CPA
CPA firm name: Deloitte Taiwan
Address: 3F, No. 88, Chenggong 2nd Rd., Qianzhen District, Kaohsiung City 806618
Website: www.deloitte.com.tw
Tel: (07)530-1888

Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None.

Company website: www.ecotek.com.tw

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A. Letter to Shareholders

Dear Shareholders,

In 2023, countries across the globe have lifted lockdowns in the post-pandemic era and economic activities have begun to recover. However, unfavorable factors such as rising geopolitical risks and inflation have created severe pressures on industries such as shortage of labor and materials, which has affected economic development. Thanks to the increasingly strict environmental protection laws and regulations and active efforts to promote the Sustainable Development Goals (SDGs) by the government, the replacement of equipment by main customers at the end of the useful life, and increased capital expenditures for the installation of production and environmental protection equipment, the Company's business and profitability remained relatively stable. With the joint efforts of all employees, our profits in 2023 grew by 6.99% compared to 2022 and our after-tax EPS reached NT$4.5.

The Company's 2023 business performance, overview of 2024 Business Plan, future company development strategy, and impacts of the competitive environment, regulatory environment, and overall business environment are reported below:

I. 2023 Business performance

(I) Business overview

In addition to existing, environmental protection, electrical, and mechanism turnkey projects as well as operation and maintenance in 2023, we dedicated our efforts to obtaining contracts from companies of the Group to replace old equipment with new eco-friendly equipment and carry out improvements. Projects outside the group included liquid crystal polymer plant construction project of Polyplastics Taiwan Co., Ltd., Caotun Water Treatment Plant Construction Project, and Acepodia Nangang Biotechnology Research Park Laboratory Construction Project.

Overall, our consolidated revenue of NT$9.759 billion in 2023 was an increase of NT$915 million compared to 2022, which was a record high in the past five years with a 12.09% increase in consolidated profit before tax of NT$686 million compared to 2022.

The Company continues to promote circular economy in business activities to support the global initiative for attaining net zero carbon emissions by 2050. Our projects include recycled water system projects, steel and chemical joint production projects, and flue gas carbon capture projects, improved desulfurization, denitrification, and dust collection technologies which help customers reduce air pollution; expanded energy storage with microcomputer system construction, and solar power system construction projects. We also actively promote the sales of industrial LED lamps, activated carbon absorbent materials, air purification equipment, water treatment chemicals and other products to assist customers in achieving energy conservation, carbon reduction, and carbon neutrality goals.

In coordination with the new corporate governance blueprint of the Financial Supervisory Commission (FSC), the Company introduced the Taiwan Intellectual Property Management System (TIPS) and ISO 27001 Information Security Management System, and received third-party certification for both systems. To ensure compliance with the Sustainable Development Guidemap for TWSE- and TPEx-Listed Companies and information disclosure regulations, the Company conducts greenhouse gas inventories each year, appoints an impartial third-party certification agency recognized by the Environmental Protection Administration for verification, and obtains verification reports and verification statements. The Company completed the greenhouse gas inventory of the parent company and subsidiaries in the 2022 consolidated financial statements in 2023, and obtained ISO 14064-1 third-party certification statement. In the Corporate

Governance Assessment for the year 2023 announced in 2024, the Company was ranked in the second tier (top 6%-20%) of listed companies in Taiwan for the fourth consecutive year and we will continue to enhance the Company's sustainable corporate governance culture.

(II) Business Outcome

1. Environmental protection projects: Solar power equipment construction project of China Steel Group, turnkey project of No. 3 sinter plant dust collector of China Steel, expansion construction project of power plant TG-9/TG-10 of China Steel, flue gas carbon dioxide capture pilot project for No. 3 blast furnace of China Steel, Futian water recycling plant construction, and Caotun water treatment plant construction project, totaled NT$1.702 billion, accounting for 17.44% of total revenue.
2. Electrical and mechanical engineering projects: Preliminary construction and oven construction for the replacement of China Steel's Phase I and II coke oven, construction of China Steel's new Phase I and II coal production equipment, construction of the coke dry quenching (CDQ) furnace of China Steel, construction of China Steel's new coke transmission and processing system, transportation process of China Steel's new coal mine closed structure, expansion of the main substation of China Steel Chemical Corporation's production plant, and liquid crystal polymer plant construction project of Polyplastics Taiwan Co., Ltd., totaled NT$4.908 billion, accounting for 50.29% of overall revenue.
3. Operation and electrical/mechanical maintenance and others: Electrical/mechanical maintenance projects of CPC and Dragon Steel, as well as the operation of Chengcing Lake and Kinmen Taihu water treatment plants totaled NT$ 3.149 billion, accounting for 32.27% of overall revenue.

(III) Financial income and expenditure and profitability analysis

The Company's consolidated operating revenue was NT$9.759 billion in 2023, up 10.35% compared to the NT$8.844 billion in 2022; consolidated gross profit was NT$974 million, up 19.86% compared to the NT$813 million in 2022; consolidated profit before tax was NT$686 million and consolidated net income was NT$557 million. Please refer to the financial overview of this annual report for details.

(IV) Overview of research and development

With regard to R&D in wastewater treatment in 2023, we collaborated with the R&D department of China Steel in developing treatment processes for ammonia nitrogen discharge control and developed the fluidized bed biofilm wastewater biological treatment system process to reduce the ammonia nitrogen concentration in industrial wastewater. We have started commercial operations in the plant at the end of 2023 and the results have been good. We also collaborated with the R&D Department of China Steel in developing a high-alkali cleaning agent that can be used to remove oil from the sand filter tank of the cold rolling wastewater plant. The actual operations by China Steel and Dragon Steel after showed significant results and it effectively solves the problem of reduced filtration caused by the presence of high-viscosity rolling oil on the sand surface of the sand filter.

In view of the global commitment to the goal of net-zero emissions by 2050, the Company worked with the R&D Department of China Steel in the establishment of the first stack exhaust carbon dioxide capture pilot plant, which captures and purifies the carbon dioxide originally released into the atmosphere. The pilot production line has been designed and construction has begun. Trial operations are expected to begin at the end of 2024. It is expected to capture 500 tons of carbon dioxide per year with a purity above 99%. The carbon dioxide can be used for production processes in CSC plants and sold on the market as industrial gas.

As for air pollution prevention technology, as air pollution prevention regulations become more rigorous, the Company has developed technology for removing SOx emissions from fixed pollution sources. In addition to the continuous development of wet desulfurization technologies, we will work with the R&D units of China Steel to develop the honeycomb wet scrubber, which significantly reduces SO3 emissions in the sinter plant. The existing panels of the composite honeycomb panel tower and the flue gas desulfurization system are designed for alternating operations. We will provide more diverse process design services in the future. In terms of treating NOx emissions from fixed pollution sources, we will develop and evaluate selective catalyst reduction denitrification systems for the new coke ovens of China Steel. We will also select the most suitable emission reduction solution and SCR ammonia injection system to create ammonia pyrolysis technologies for increasing the viability of use in different settings.

II. Summary of 2024 Business Plan

In response to global ESG issues and net-zero transformation issues in 2024, government departments will continue to promote policies for environmental protection, circular economy and green energy industries. In addition to assisting customers in building environmental protection facilities and electromechanical equipment upgrade projects, the Company also uses green energy technologies for addressing pollutant gas emissions and waste sewage treatment, assists customers in building solar PV equipment, energy storage systems, and other projects to promote circular economy, energy conservation, and carbon reduction. We shall work together with customers to attain environmental sustainability and win more business opportunities.

The Company upholds the business philosophy of excellence, integrity, technology, and quality, and actively pursues the following projects to ensure operational stability and growth:

(I) Replacement, overhauls, and regular maintenance of old electrical and mechanical equipment of steel mills;

(II) Energy storage equipment and microgrid system construction projects;

(III) Water recycling plant construction;

(IV) Air pollution prevention equipment improvement.

III. Future company development strategy

In response to changes in the internal and external environment, the Company's business strategy emphasizes the four basic business growth strategies of "engineering," "operation maintenance," "circular economy", and "sales business", and is implemented with the following operation plans: (1) Strengthen core technology management and development; (2) Promote digital transformation and improve management efficiency; (3) Promote the integration of refractory engineering materials; (4) Develop circular economy engineering businesses. In the future, we will continue to assist customers in replacing process equipment and building low-carbon emission facilities to strengthen the foundations of sustainable development.

IV. Impacts due to the competitive environment, regulatory environment, and overall business environment

In response to the rapid changes in the international political and economic environment, despite the tremendous effect of persistent inflation and supply chain issues on engineering, the Company shall continue its stable and pragmatic strategy for construction projects and continue to effectively improve engineering technologies and review risks to maintain stable profits.

The Company passed the Plans for passing the Taiwan Intellectual Property Management System (TIPS) certification and all business activities are conducted in compliance with the laws and regulations of the competent authorities. We also identify key issues in the laws and regulations. We adjust business strategies according to industry demand and integrate the Group's resources to enhance corporate governance and enhance the Company's overall competitiveness in the industry.

We are grateful to our shareholders for your support and recognition over the years. Our management team and all employees will exert every effort to create greater value for shareholders, and hope to jointly create a better future with your support and encouragement.

Chairperson Cheng-Chiang Chen

President Chih-Feng Lee

Chapter 2. Company Profile

China Ecotek Corporation (hereinafter referred to as the "CEC") is a member of the China Steel Corporation (CSC) Group. CEC was founded in Kaohsiung City in March 1993 and was listed on the Taiwan Stock Exchange in 2001. CEC's current paid-in capital is NT$1.237 billion, and main scope of business includes: (1) environmental protection projects, (2) electrical and mechanical engineering projects, (3) biopharmaceutical factory construction projects, (4) power plant turnkey projects and repair, (5) recycling plant turnkey projects, (6) solar power plant turnkey projects, (7) fire-resistant material turnkey projects, and (8) operation services. CEC also provides complete technical services, such as feasibility research, planning and design, manufacturing, installation, repair, sales, and after-sale services, for the projects above.

Company History：

March 15, 1993	Registration of company establishment was approved and received a license from the Ministry of Economic Affairs. Paid-in capital was NT$545,000,000.
September 14, 1993	Obtained a Class A water treatment company license from Kaohsiung City Government.
August 17, 1994	Obtained a Type A electrical systems business license from Kaohsiung City Government.
July 19, 1995	Obtained an environmental engineering company registration certificate from Kaohsiung City Government (Class B water pollution control engineering, Class B air pollution control engineering), and the Class A water treatment company license was canceled.
February 2, 1996	Obtained an environmental engineering company registration certificate from Kaohsiung City Government (Class A water pollution control engineering, Class B air

	pollution control engineering, Class B waste disposal engineering). The original Class B water pollution control engineering was upgraded to a Class A water pollution control engineering.
April 1, 1996	The Company adopted the policy of diversification and leased a plant in Xiaogang District, Kaohsiung City for parts assembly and warehousing.
February 20, 1997	Obtained an environmental engineering company registration certificate from Kaohsiung City Government (Class A water pollution control engineering, Class B air pollution control engineering, Class A waste disposal engineering). The original Class B waste disposal engineering was upgraded to Class A waste disposal engineering.
May 22, 1997	Obtained an environmental engineering company registration certificate from Kaohsiung City Government (Class A water pollution control engineering, Class A air pollution control engineering, Class A waste disposal engineering). The original Class B air pollution control engineering was upgraded to a Class A air pollution control engineering.
November 10, 1997	Approved the capitalization of profits, completed public issuance procedures, and paid-in capital was changed to NT$577,700,000.
July 10, 1998	Approved the capitalization of profits, and paid-in capital was changed to NT$647,668,000.
November 11, 1998	Approved a cash capital increase, and paid-in capital was changed to NT$697,668,000 on March 12, 1999.
January 11, 1999	Passed the ISO -9001 quality system certification.
July 7, 1999	Approved the capitalization of profits, and paid-in capital

	was changed to NT$769,630,000 on August 5, 1999.
January 4, 2000	Approved by the Taipei Exchange to become listed for public trading.
February 25, 2000	Passed the ISO -9002 quality system certification.
July 13, 2000	Approved the capitalization of profits, and paid-in capital was changed to NT$811,719,000 on September 2, 2000.
March 9, 2001	Passed the OHSAS-18001 Safety and Health Management System certification.
August 31, 2001	Approved the capitalization of profits, and paid-in capital was changed to NT$855,373,000 on November 1, 2001.
September 17, 2001	Approved by the Taiwan Stock Exchange to become listed for public trading.
December 24, 2001	Obtained a Class A waterpipe installation contractor registration certificate from Kaohsiung City Government.
June 21, 2002	Established CEC International Corp.
July 12, 2002	Approved the capitalization of profits, and paid-in capital was changed to NT$882,675,000 on August 30, 2002.
January 2, 2003	Established CEC Development Corp.
July 21, 2004	Approved the capitalization of profits, and paid-in capital was changed to NT$901,475,000 on August 19, 2004.
March 18, 2008	Approved the issuance of new shares for share swap, and paid-in capital was changed to NT$1,130,474,000 on April 1, 2008.
August 20, 2010	Established China Ecotek VN Co. Ltd.
November 29, 2011	Established Xiamen Ecotek PRC Co. Ltd.
February 20, 2012	First issuance of unsecured convertible corporate bonds was approved by the Taipei Exchange.
November 6, 2012	Established China Ecotek India Private Ltd.
November 20, 2012	Established China Ecotek Construction Corporation.

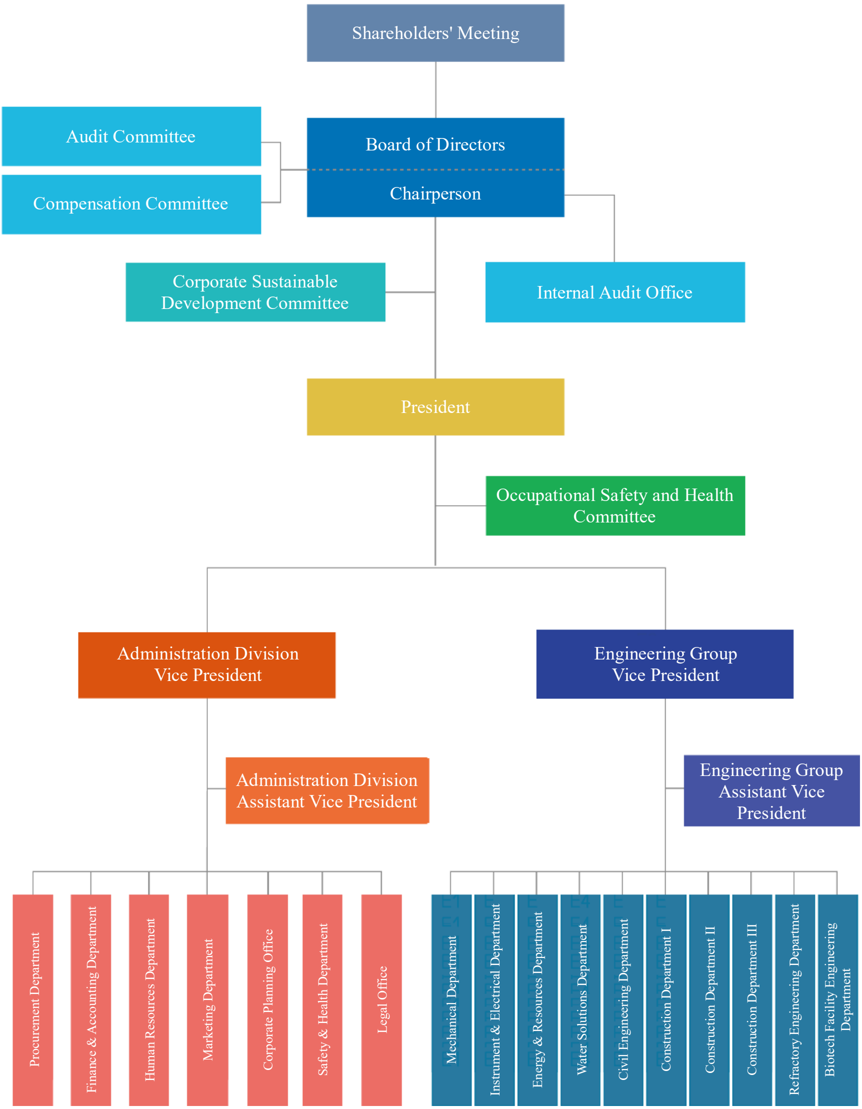
December 5, 2012	Approved the issuance of new shares converted from convertible corporate bonds, and paid-in capital was changed to NT$1,157,338,000 on December 5, 2012.
March 26, 2013	Approved the issuance of new shares converted from convertible corporate bonds, and paid-in capital was changed to NT$1,185,762,000 on March 26, 2013.
May 30, 2013	Approved the issuance of new shares converted from convertible corporate bonds, and paid-in capital was changed to NT$1,217,988,000 on May 30, 2013.
November 19, 2013	Approved the issuance of new shares converted from convertible corporate bonds, and paid-in capital was changed to NT$1,237,426,000 on November 19, 2013.
October 28, 2015	Awarded in first prize in the National Brand Yushan Award (Outstanding Enterprise Category).
June 3, 2016	Received the Outstanding Engineering and Enterprises Award from the Chinese Institute of Engineers.
March 9, 2020	Passed the ISO 45001:2018 Occupational Safety and Health certification.
October 21, 2020	Signed a collective bargaining agreement with the labor union of China Ecotek Corporation.
March 31,2021	Acquired of land and buildings in Linyuan Industrial Zone.
June 4, 2021	Liquidated China Ecotek Construction Corporation.
June 10, 2021	Obtained a Green Building Silver Label certificate (effective until June 9, 2026).
November 18,2022	Obtained the ISO 14067 (carbon footprint verification) and ISO 14064-1 (greenhouse gas inspection) certification by Pingher Factories.
November 21,2022	Obtained the verification of Taiwan Intellectual Property Management Regulations (TIPS).
April 21,2023	Obtained the highest energy-saving standard for

	"Light-Emitting Diode Panel Lamp" from the Energy Bureau of the Ministry of Economic Affairs Chapter(140LM/W)
October 7,2023	Obtained the ISO 14064:2018 Greenhouse Gases Emissions Inventories and verifications certification of Company (including consolidated reporting subsidiaries),as well as certificate of verification issued by the SGS after a third-party inspection.
November 30,2023	Obtained the ISO/IEC 27001:2013 information security international certification

C. Corporate Governance Report

I. Organization

(I) Organizational structure



(II) Duties of major departments

Department	Main duties
Procurement Department	Oversees procurement management, general affairs, construction outsourcing, project budget and cost management, and progress registration.
Finance & Accounting Department	Oversees finance, accounting, stock affairs, secretary work of the Board of Directors, construction insurance, and investees.
Human Resources Department	Oversee the establishment of personnel regulations and system, recruitment and appointment, remuneration management, labor and health insurance, retirement, organizational development, education and training, labor-management relations, and information system maintenance.
Legal Office	Responsible for contract management, regulatory planning, implementation, and supervision.
Corporate Planning Office	Responsible for supervising and implementing the Company's ISO9001 Quality Management System, planning the Company's business development strategy, and tracking, coordination and planning of other affairs.
Safety & Health Department	Responsible for occupational health and safety management and promotion.
Marketing Department	Oversees development before obtaining business and overall internal coordination, management, and procedures; establishes and maintains business information systems, price quotations, construction funding, risk and cost analysis, formulates commercial terms, and handles contract signing.
Biotech Facility Engineering Department	Oversees biotechnology plant planning and establishment, serves as agent for process production equipment, and development of new businesses.
Mechanical Department	Oversees mechanical design, construction, and professional technology development.
Energy & Resources Department	Oversees energy conservation, green energy, waste recycling, recycling plant, and air pollution prevention design and technology development.
Water Solutions Department	Oversees water solutions design, construction supervision, construction and professional technology development, and water

Department	Main duties
	solutions catalyst R&D and its business development.
Instrument & Electrical Department	Oversees instrument design, construction supervision, construction, system operation and maintenance, and professional technology development required for business.
Construction Department I	Responsible for the implementation of construction projects, including construction progress, quality control, construction site management, construction equipment and machinery management, and operation and maintenance services.
Construction Department II	Responsible for the implementation of construction projects, including construction progress, quality control, construction site management, construction equipment and machinery management, and operation and maintenance services.
Construction Department III	Responsible for water plant operation and maintenance and on-site electromechanical maintenance.
Civil Engineering Department	Oversees civil engineering, building, and steel structure design and planning, construction progress, quality control, and construction site management.
Refractory Engineering Department	Oversees the development of the refractory materials business, material R&D, technical services, construction planning, construction supervision, construction techniques, and maintenance services.
Internal Audit Office	Audits whether or not internal operating procedures comply with the Company's systems and regulations.

II. Information on directors, president, vice presidents, and accounting officer

(I) Director Information (1)

Title	Nationality or place of registration	Name	Gender/ Age	Date elected (appointed)	Term	Date of first appointment	Shares held when elected		Shares currently held	
							Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)
Chairperson	Republic of China	China Steel Corporation	-	2023.06.21	3 years	1993.03.02	55,393,138	44.76	55,393,138	44.76
	Republic of China	Representative: Cheng-Chiang Chen	Male 61~65	2023.06.21	3 years	2022.07.13	0	0	0	0
Director	Republic of China	China Steel Corporation	-	2023.06.21	3 years	1993.03.02	55,393,138	44.76	55,393,138	44.76
	Republic of China	Representative: Chao-Tung Wong	Male 66~70	2023.06.21	3 years	2016.01.15	0	0	0	0
Director	Republic of China	China Steel Corporation	-	2023.06.21	3 years	1993.03.02	55,393,138	44.76	55,393,138	44.76
	Republic of China	Representative: Shyi-Chin Wang	Male 66~70	2023.06.21	3 years	2019.09.30	0	0	0	0
Director	Republic of China	China Steel Corporation	-	2023.06.21	3 years	1993.03.02	55,393,138	44.76	55,393,138	44.76
	Republic of China	Representative: Chih-Feng Lee	Male 51~55	2023.06.21	3 years	2020.10.31	0	0	0	0
Director	Republic of China	China Steel Corporation	-	2023.06.21	3 years	1993.03.02	55,393,138	44.76	55,393,138	44.76
	Republic of China	Representative: Chen Yang	Male 61~65	2023.06.21	3 years	2021.05.31	0	0	0	0
Director	Republic of China	Hua Eng Wire & Cable Co., Ltd.	-	2023.06.21	3 years	1993.03.02	11,843,730	9.57	11,843,730	9.57
	Republic of China	Representative: Hsiu-Mei Liu	Female 61~65	2023.06.21	3 years	2022.02.01	0	0	0	0
Director	Republic of China	Great Grandeul Steel Co., Ltd.	-	2023.06.21	3 years	2008.06.25	3,964,000	3.20	3,964,000	3.20
	Republic of China	Representative: Yu-Lun Kuo	Female 41~45	2023.06.21	3 years	2009.05.12	0	0	0	0
Director	Republic of China	Bai-Chien Investment Co., Ltd.	-	2023.06.21	3 years	2002.06.11	3,005,000	2.43	3,005,000	2.43
	Republic of China	Representative: Po-Nien Lin	Male 51~55	2023.06.21	3 years	2005.06.28	0	0	0	0
Independent Director	Republic of China	Chia-Jung Chen	Male 71~75	2023.06.21	3 years	2017.06.22	0	0	0	0
Independent Director	Republic of China	Po-Han Wang	Male 46~50	2023.06.21	3 years	2017.06.22	0	0	0	0
Independent Director	Republic of China	Tai-Kuang Peng	Male 71~75	2023.06.21	3 years	2020.06.23	0	0	0	0

March 31, 2024 Unit: Shares

Shareholding by spouse and underage children		Shares held in the name of others		Education and work experience	Other positions at the Company or elsewhere	Other managerial officer, director or supervisor who is the spouse or a relative within second degree			Notes (Note 1)
Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)			Title	Name	Relationship	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Department of Materials and Mineral Resources Engineering, National Taipei University of Technology Assistant Vice President, Production Division	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Ph.D.in Resources Engineering, National Cheng Kung University President of China Steel Corporation	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Ph.D. in Material Science, National Sun-yat Sen University Executive Vice President, China Steel Corporation	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Master's from the Department of Mechanical Engineering, National Cheng Kung University Deputy Director of Equipment Department, China Steel Corporation	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Department of Chemical Engineering, National Taiwan University Director of Smelting Equipment Engineering Department, China Steel Corporation	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Master of Accounting, Long Island University Manager of the Accounting Department, Hua Eng Wire & Cable Co., Ltd.	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	MBA, College of Management, National Taiwan University Special Assistant to the President, Great Grandeul Steel Co., Ltd.	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	School of Business, University of Southern California, US Business Manager of Bai-Chien Trading Co., Ltd.	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Ph.D. in Resource and Energy Economics, West Virginia University Vice Dean of the College of Engineering, National Cheng Kung University	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	MBA, National Sun Yat-sen University Manager, Audit Department, Deloitte Taiwan	Note	None	None	None	None
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	Ph.D. in Business Administration, Texas Tech University Dean of the International College and College of Management, I-Shou University	Note	None	None	None	None

Note 1: Where the Chairperson, President, or individual with equivalent roles (highest-ranking managerial officer) are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional independent directors and requiring the appointment of more than half of the directors from individuals who are not employees or managerial officers).

Note: Positions concurrently held by each director at the Company or elsewhere:

Name	Other positions at the Company or elsewhere
Cheng-Chiang Chen	None
Chao-Tung Wong	Chairperson of China Steel Corporation, Director of Dragon Steel Corporation, Director of China Steel Chemical Corporation, Director of Chung Hung Steel Corporation, Director of China Steel Global Trading Corporation, Director of Infochamp Systems Corporation, Director of China Prosperity Development Corporation, Director of Gains Investment Corporation, Director of Pro-Ascentek Investment Corporation
Shyi-Chin Wang	President of China Steel Corporation, Chairperson of Chungfa Holdings Co., Ltd., Chairperson of China Steel Power Corporation, Director of China Steel Corporation, Director of Dragon Steel Corporation, Director of China Steel Chemical Corporation, Director of Gains Investment Corporation
Chih-Feng Lee	President of China Ecotek Corporation, Chairperson of CSC Solar Corporation, Supervisor of China Steel Machinery Corporation, Director of Asia Pacific Energy Development Co., Ltd., Director of Pro-Ascentek Investment Corporation, Director of Eminent III Venture Capital Corporation
Chen Yang	Assistant Vice President of Engineering at China Steel Corporation, Director of China Steel Machinery Corporation
Hsiu-Mei Liu	Vice President of the Management Department of Hua Eng Wire & Cable Co., Ltd., Director of Wafer Works Corporation, Director of Co-Tech Development Corporation, Director of Bionime, Supervisor of Hua Ho Engineering Co., Ltd.
Yu-Lun Kuo	Vice President of Great Grandeul Steel Co., Ltd., Supervisor of Great Grandeul Steel Co., Ltd., Director of Great Grandeul Steel Co., Ltd., Chief Operating Officer of Wang Kuo Electricity Co., Ltd.
Po-Nien Lin	Special Assistant to the Chairperson of Bai Chien Trading Co., Ltd., Director of Bai Chien Investment Co., Ltd., Director of Bai Chien Trading Co., Ltd., Director of Te-Yu Investment Co., Ltd.
Chia-Jung Chen	Honorary Professor of National Cheng Kung University Department of Resources Engineering, Independent Director of Leatec Fine Ceramics Co., Ltd.
Po-Han Wang	Director of Xiangwei & Co., CPAs, Chairperson of Ruisheng Financial Consultants Co., Ltd., Independent Director of Tongtai Machine & Tool Co., Ltd., Supervisor of Jushen Energy Co., Ltd., Director of Zhaowan Consulting Co., Ltd.
Tai-Kuang Peng	Adjunct Professor at the College of Management, I-Shou University

Table 1: Major shareholders of institutional director March 31, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders
China Steel Corporation	Ministry of Economic Affairs (20.00%), Employee's Stock Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. (2.42%), Transglory Investment Corporation (1.63%), Taiwan ESG High Dividend ETF Securities Investment Trust Fund of Cathay High Dividend Taiwan Equity Fund under the custody of Taishin International Bank Co., Ltd. (1.38%), Fubon Life Insurance Co., Ltd. (1.36%), Chunghwa Post Co., Ltd. (1.16%), Labor Retirement Fund (1.11%), Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.08%), Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.05%), Labor Pension Fund (1.03%)
Hua Eng Wire & Cable Co., Ltd.	First Copper Technology Co., Ltd. (32.96%), Huahong Investment Corporation (7.39%), Pi-E Wang Yang (5.24%), Feng-Shu Wang (2.55%), Wen-Ling Wang (2.20%), Hung-Jen Wang (2.12%), Hung-Ming Wang (1.46%), Chase Custody JP Morgan Securities Co., Ltd. special account (1.17%), Kun-Jung Chen (0.80%), Citi Custody UBS European SE investment account (0.78%)
Bai Chien Investment Co., Ltd.	Chung-Tien Lin (14%), Po-Nien Lin (27%), Su-Chia Lin (27%), Te-Yu Investment Co., Ltd. (32%)
Great Grandeul Steel Co., Ltd.	Yung-Cheng Kuo (15.91%), Chen-Kui Yen (13.40%), Yu-Lun Kuo (12.88%), Chih-Hao Kuo (11.98%), C. Hao Corporation (45.83%)

Table 2: Major shareholders of major institutional shareholders listed in Table 1

March 31, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders
Transglory Investment Corporation	China Steel Express Corporation (48.28%) Chung Hung Steel Corporation (39.59%), and China Steel Chemical Corporation (8.90%), United Steel Engineering & Construction (3.23%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications (100%)
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co., Ltd. (39.44%), Pi-E Wang Yang (10.49%), Wen-Ling Wang (1.82%), Di-Chen Fu(1.31%), Feng-Chuan Wang (0.67%), International Shipbreaking Co., Ltd. (0.50%), Chase Custody JP Morgan Securities Co., Ltd. special account (0.48%), Feng-Shu Wang (0.43%), Hung-Ming Wang (0.41%), Citi Custody UBS European SE investment account (0.36%)
Huahong Investment Corporation	Gongsheng Enterprise (HK) Limited (79.79%), Wen-Ling Wang (3.19%), Feng-Chuan Wang (3.19%), Feng-Shu Wang (3.19%), Hung-Jen Wang (3.19%), Hung-Ming Wang (2.87%), Yu-Ting Wang (2.13%), Pi-E Wang Yang (1.60%), Feng-Chin Wang (0.85%)
Te-Yu Investment Co., Ltd.	Po-Nien Lin (100%)
C. Hao Corporation	Yung-cheng Kuo (17.2%), Chen-Kui Yen (51.6%), Yu-Lun Kuo (16.9%), Chih-Hao Kuo (14.3%)

Note: Table 1 and Table 2 shows data on the most recent book closure date.

(I) Director Information (2)

1.Disclosure of information on the professional qualifications of directors and independence of independent directors:

Qualifications / Name	Professional qualifications and experience (Note)	Independence	Number of companies the person serves as an independent director
Chairperson Cheng-Chiang Chen	**Education:** Department of Materials and Mineral Resources Engineering, National Taipei University of Technology **Expertise:** Practical experience in steel management; Expertise in engineering management **Other main positions:** None **Past experience:** Assistant Vice President, Production Division, China Steel Corporation	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.	0
Director Chao-Tung Wong	**Education:** Ph.D. in Resources Engineering, National Cheng Kung University **Expertise:** Practical experience in steel/resource engineering management; Expertise in business administration **Other main positions:** Chairperson of China Steel Corporation, 22nd-term Chairperson of Taiwan Steel & Iron Industries Association, Standing Director of the Industrial Technology Research Institute. **Past experience:** President of China Steel Corporation, Chairperson of China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC), Director of China Ecotek Corporation	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.	0
Director Shyi-Chin Wang	**Education:** Ph.D. in Material Science, National Sun-yat Sen University **Expertise:** Practical experience	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who	0

Qualifications / Name	Professional qualifications and experience (Note)	Independence	Number of companies the person serves as an independent director
	in steel/material management; Wind power industry experience **Other main positions:** President of China Steel Corporation, Chairperson of China Steel Power Corporation **Past experience:** Executive Vice President of China Steel Corporation, 3rd-term Chairperson of Taiwan Wind Industry Association, Chairperson of Dragon Steel Corporation	holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.	
Director Chih-Feng Lee	**Education:** Master's from the Department of Mechanical Engineering, National Cheng Kung University **Expertise:** Practical experience in steel management; Expertise in mechanical engineering management **Other main positions:** President of China Ecotek Corporation, Chairperson of China Steel Solar Tech Co., Ltd. **Past experience:** Deputy Director of Equipment Department, China Steel Corporation	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.	0
Director Chen Yang	**Education:** Department of Chemical Engineering, National Taiwan University **Expertise:** Practical experience in steel management; Expertise in engineering management. **Other main positions:** Assistant Vice President of Engineering at China Steel Corporation **Past experience:** Director of Smelting Equipment Engineering Department, China Steel Corporation	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.	0

Qualifications / Name	Professional qualifications and experience (Note)	Independence	Number of companies the person serves as an independent director
Director Hsiu-Mei Liu	**Education:** Master of Accounting, Long Island University **Expertise:** Expertise in finance and accounting **Other main positions:** Vice President of the Management Department of Hua Eng Wire & Cable Co., Ltd. **Past experience:** Manager of the Accounting Department, Hua Eng Wire & Cable Co., Ltd.	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.	0
Director Yu-Lun Kuo	**Education:** MBA, College of Management, National Taiwan University **Expertise:** Practical experience in steel management; Expertise in sales and business administration **Other main positions:** Vice President, Great Grandeul Steel Co., Ltd. **Past experience:** Special Assistant to the President, Great Grandeul Steel Co., Ltd.	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services within the past 2 years.	0
Director Po-Nien Lin	**Education:** School of Business, University of Southern California, US **Expertise:** Expertise in sales and business administration **Other main positions:** Special Assistant to the Chairperson of Bai Chien Trading Co., Ltd. **Past experience:** Business Manager of Bai Chien Trading Co., Ltd.	1. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 2. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.	0
Independent Director Chia-Jung Chen	**Education:** Ph.D. in Resource and Energy Economics, West Virginia University **Expertise:** Energy economics, resource engineering **Other main positions:**	The three independent directors all met the following criteria in the two years before being elected and during their term as independent director: 1. The independent director,	1

<table>
<tr><th>Qualifications / Name</th><th>Professional qualifications and experience (Note)</th><th>Independence</th><th>Number of companies the person serves as an independent director</th></tr>
<tr><td></td><td>Honorary Professor of National Cheng Kung University Department of Resources Engineering
Past experience: Professor and Director of the Department of Resources Engineering and Vice dean of the College of Engineering, National Cheng Kung University</td><td rowspan="3">his/her spouse, and relatives within the second degree of kinship is not a director, supervisor, or employee of the Company or its affiliates.
2. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders.
3. The independent director is not a director, supervisor, or employee of a company with a specific relationship with the Company.
4. Did not provide commercial, legal, financial, or accounting services to the Company's affiliates within the past 2 years.
5. Meets independence criteria set forth in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies in the two years before being elected and during the term as independent director.</td><td></td></tr>
<tr><td>Independent Director Po-Han Wang</td><td>Education: MBA, National Sun Yat-sen University
Expertise: Expertise in finance and accounting. Has accountant qualifications
Other main positions: Director, Xiangwei & Co., CPAs
Past experience: Manager, Audit Department, Deloitte Taiwan</td><td>1</td></tr>
<tr><td>Independent Director Tai-Kuang Peng</td><td>Education: Ph.D. in Business Administration, Texas Tech University
Expertise: Business management
Other main positions: Adjunct Professor at the College of Management, I-Shou University
Past experience: Dean of the College of Management and International College, I-Shou University</td><td>0</td></tr>
</table>

Note: All Board members meet the criteria, have at least 5 years of work experience, and do not have any of the situations specified in Article 30 of the Company Act.

2.Board diversity and independence

(1) Diversity of the Board of Directors:

The Company incorporated the concept of diversity into the Regulations Governing the Election of Directors pursuant to the

Sample Template for Procedures for Election of Directors announced by the Taiwan Stock Exchange Corporation. The election of directors must account for basic qualifications and values as well as professional knowledge and skills (e.g., law, accounting, industry, finance, marketing, or technology) to ensure that board members have the knowledge, skills, and attainments generally required for performing their tasks. The Company specified in the Corporate Governance Best-Practice Principles that Directors who serve concurrently as the Company's managerial officers should not exceed one third of all Directors.

The Company considers the overall structure of the Board of Directors and aims to set up a Board of Directors of diverse gender, age, professional knowledge, and background. At least one member of the Board of Directors should have professional legal background in finance and accounting. The Company's current Board of Directors includes 11 Directors (including 3 Independent Directors). It has 2 female members and 1 managerial officer who serve concurrently as director. The professional knowledge and skills of the Directors encompass steel, engineering management, business management, resource engineering, machinery, aerospace, finance, and accounting. The Directors fulfill the goal of board diversity and provide excellent advice for the Company's business and finances.

Of the directors, 9% are employees of the Company, 27% are independent directors, and 18% are female directors. All 3 independent directors have held the position for less than 9 years, 2 directors are over 70 years old, 5 directors are 61-70 years old, 2 directors are 51-60 years old, and 2 directors are under 50 years old. The Company attaches importance to gender equality in its Board composition and aims to increase the proportion of female directors to more than one third (i.e., 33%). The Board of

Directors currently has 82% male members (9 members) and 18% female members (2 members). In the future, the Company will dedicate its efforts to increasing the number of female directors to attain this target.

Implementation status of the diversity policy for the Company's current board members:

Core items of diversification / Name of director	Basic Composition								Industry experience and professional competencies					
	Gender	Concurrent Role as Company Employee	Age distribution			Term of Independent Director			Business management	Leadership and decision making	Knowledge of the industry	Financial accounting	Marketing	Information technology
			50 and under	51 to 60	Over 60	3 years and under	4 to 8 years	Over 9 years						
Chairman Cheng-Chiang Chen	Male				✓				✓	✓	✓			
Director Chao-Tung Wong	Male				✓				✓	✓	✓		✓	
Director Shyi-Chin Wang	Male				✓				✓	✓	✓			✓
Director Chih-Feng Lee	Male	✓		✓					✓	✓	✓			
Director Chen Yang	Male				✓				✓	✓	✓		✓	
Director Hsiu-Mei Liu	Female				✓				✓	✓	✓	✓		
Director Yu-Lun Kuo	Female		✓						✓	✓	✓		✓	
Director Po-Nien Lin	Male			✓					✓	✓	✓		✓	
Independent director Chia-Jung Chen	Male				✓		✓			✓	✓			✓
Independent director Po-Han Wang	Male		✓				✓			✓	✓	✓		
Independent director Tai-Kuang Peng	Male				✓		✓			✓	✓			✓

(2) Independence of the Board of Directors: The Company currently has 3 independent directors, accounting for 27% of all directors. All independent directors have held the position for less than 9 years. The Company has received written statements from each independent director according to requirements for public companies, and verified the independence of the independent directors, their spouses, and relatives within the second degree of kinship. The Board of Directors continues to evaluate the independence of directors, considers whether or not the directors are able address constructive issues with management and other directors, whether or not their viewpoints are independent from management and other directors, and if their conduct inside and outside the Board of Directors is appropriate. The conduct of the Company's independent directors meets expectations in suitable situations. Hence, we believe that all independent directors are independent from the Company.

(II) Information on president, vice presidents, and accounting officer

March 31, 2024

Title	Nationality	Name	Gender	Date elected (appointed)	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Education and work experience (Note 1)	Concurrently held positions in other companies	Other managerial officer who is the spouse or a relative within the second degree			Notes (Note 2)
					Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)			Title	Name	Relationship	
President	Republic of China	Chih-Feng Lee	Male	2020.10.31	0	-	-	-	-	-	Master's from the Department of Mechanical Engineering, National Cheng Kung University Deputy Director , Equipment Department, China Steel Corporation	Chairperson of CSC Solar Corporation, Director of Asia Pacific Energy Development Co., Ltd., Director of Pro-Ascentek Investment Corporation, Director of Eminent III Venture Capital Corporation, Supervisor of China Steel Machinery Corporation	-	-	-	
Vice President of Engineering Group	Republic of China	Chien-Chih Chen	Male	2021.04.30	897	-	-	-	-	-	Department of Industrial Engineering and Management, National Kaohsiung University of Science and Technology Assistant Vice President of Engineering Group, China Ecotek Corporation	–	-	-	-	N/A
Vice President of Administration Divison and Chief Corporate Governance Officer	Republic of China	Li-Ming Hu	Male	2020.09.30	0	-	-	-	-	-	MBA from the University of Oklahoma, US Assistant Vice President of Administration Division, China Ecotek Corporation	Director of Xiamen Mao Yu Import and Export Trading Ltd.	-	-	-	

Assistant Vice President and Accounting Officer	Republic of China	Ya-Min Chuang	Female	2020.09.30	0	-	-	-	-	-	Department of Accounting, Tunghai University Manager of the Finance & Accounting Department, China Ecotek Corporation	Supervisor of Chiun Yu Investment Corporation, Jing-Cherng-Fa Investment Corporation, Chi-Yi Investment Corporation, and Hung-chuan Investment Corporation	-	-	-	

Note 1: The Company's president, vice presidents, accounting officer, and heads of each department and branch have not held any position at the accounting firm or its affiliates.

Note 2: Where the Chairperson, President, or individual with equivalent roles (highest-ranking managerial officer) are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional independent directors and requiring the appointment of more than half of the directors from individuals who are not employees or managerial officers).

III. Remuneration Paid to Directors, President, and Vice President in the Most Recent Year

(I) Remuneration Paid to Directors and Independent Directors

December 31, 2023; Unit: NT$ thousand

Title	Name	Director's remuneration								Total remuneration (A+B+C+D) as a percentage of net income after tax (%)		Remuneration received as the Company's employee								Total remuneration (A+B+C+D+E+F+G) as a percentage of net income after tax (%)		Remuneration received from investees other than subsidiaries or the parent company
		Remuneration (A)		Severance pay and pension (B)		Directors' remuneration (C)		Business execution expenses (D)				Salary, bonus and special allowance (E)		Severance pay and pension (F)		Employee bonuses (G)						
																The Company		All companies in the financial report				
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash dividend amount	Stock dividend amount	Cash dividend amount	Stock dividend amount	The Company	All companies in the financial report	
Director	China Steel Corporation	21	21	0	0	4,722	4,722	1,018	1,018	5,761 and 1.03	5,761 and 1.03	11,058	11,058	0	0	59	0	59	0	16,878 and 3.03	16,878 and 3.03	11,878
Representative of director	Cheng-Chiang Chen																					
Representative of director	Chao-Tung Wong																					
Representative of director	Shyi-Chin Wang																					
Representative of director	Chen Yang																					
Representative of director	Chih-Feng Lee																					
Director	Hua Eng Wire & Cable Co., Ltd.																					
Representative	Hsiu-Mei Liu																					

of director																						
Director	Great Grandeul Steel Co., Ltd.																					
Representative of director	Yu-Lun Kuo																					
Director	Chin Ho Fa Steel & Iron Co., Ltd. (Note 1)																					
Representative of director	Tsan-Jen Chen (Note 1)																					
Director	Bai-Chien Investment Co., Ltd.																					
Representative of director	Po-Nien Lin																					
Independent Director	Chia-Jung Chen Po-Han Wang Tai-Kuang Peng	1,800	1,800	0	0	0	0	489	489	2,289 and 0.41	2,289 and 0.41	0	0	0	0	0	0	0	0	2,289 and 0.41	2,289 and 0.41	0

*Other than as disclosed in the above table, the remuneration of directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal year: None

Note 1: Chin Ho Fa Steel & Iron Co., Ltd. was dismissed after the election on June 21, 2023.

Remuneration Range Table

Remuneration range for each director in this Company	Name of director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than NT$1,000,000	Hua Eng Wire & Cable Co., Ltd., Great Grandeul Steel Co., Ltd., Chin Ho Fa Steel & Iron Co., Ltd., Bai-Chien Investment Co., Ltd., Po-Nien Lin, Chia-Jung Chen, Po-Han Wang, Tai-Kuang Peng	Hua Eng Wire & Cable Co., Ltd., Great Grandeul Steel Co., Ltd., Chin Ho Fa Steel & Iron Co., Ltd., Bai-Chien Investment Co., Ltd., Po-Nien Lin, Chia-Jung Chen, Po-Han Wang, Tai-Kuang Peng	Hua Eng Wire & Cable Co., Ltd., Great Grandeul Steel Co., Ltd., Chin Ho Fa Steel & Iron Co., Ltd., Bai-Chien Investment Co., Ltd., Po-Nien Lin, Chia-Jung Chen, Po-Han Wang, Tai-Kuang Peng	Hua Eng Wire & Cable Co., Ltd., Great Grandeul Steel Co., Ltd., Chin Ho Fa Steel & Iron Co., Ltd., Bai-Chien Investment Co., Ltd., Po-Nien Lin, Chia-Jung Chen, Po-Han Wang, Tai-Kuang Peng
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	None	None	None	None
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	None	None	None	None
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	China Steel Corporation	China Steel Corporation	China Steel Corporation	China Steel Corporation
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	None	None	Cheng-Chiang Chen, Chih-Feng Lee	Cheng-Chiang Chen, Chih-Feng Lee
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	None	None	None	None
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	None	None	None	None

NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	None	None	None	None
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	None	None	None	None
Higher than NT$100,000,000	None	None	None	None
Total	8	8	10	10

Note: 1. Except for Po-Nien Lin, representative of Bai-Chien Investment Co., Ltd., the Company's remuneration to directors is paid to the institutional shareholder and not the representative.

2. Remuneration includes salaries and employee bonuses for representatives of institutional directors who are concurrently employees of the Company.

(II) Remunerations to the president and vice presidents

December 31, 2023; Unit: NT$ thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)		Employee bonuses (D)				Total remuneration (A+B+C+D) as a percentage of net income after tax (%)		Remuneration received from investees other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash dividend amount	Stock dividend amount	Cash dividend amount	Stock dividend amount			
President	Chih-Feng Lee	6,761	6,761	0	0	6,256	6,256	171	0	171	0	13,188 and 2.37	13,188 and 2.37	354
Vice President	Li-Ming Hu													
Vice President	Chien-Chih Chen													

Remuneration Range Table

Range of remuneration paid to presidents and vice presidents	Names of president and vice presidents	
	The Company	All companies in the financial report
Less than NT$1,000,000	None	None
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	None	None
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	None	None
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Li-Ming Hu, Chien-Chih Chen	Li-Ming Hu, Chien-Chih Chen
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Chih-Feng Lee	Chih-Feng Lee
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	None	None
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	None	None
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	None	None
Higher than NT$100,000,000	None	None
Total	3	3

(III) Names of managerial officers that received employee bonuses and status of the distribution

December 31, 2023; Unit: NT$ thousand

	Title	Name	Stock amount	Cash amount	Total	Ratio of total amount to net income (%)
Managerial Officers	President	Chih-Feng Lee	-	220	220	0.04
	Vice President	Li-Ming Hu				
	Vice President	Chien-Chih Chen				
	Assistant Vice President and Accounting Officer	Ya-Min Chuang				

(IV) Analysis of remuneration to directors, presidents and vice presidents of the Company as a percentage of the net income after tax. Explanation of remuneration policies, standards and combination of the procedures in determining remuneration, and association with business performance and future risks:

Total remuneration and as a percentage of net income after tax					
Title	2022		2023		Percentage of change
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements	
Director	3.74%	3.74%	3.44%	3.44%	-8.02%
President and Vice President	2.42%	2.42%	2.37%	2.37%	-2.07%

Remuneration policies, standards and combination of the procedures in determining remuneration, and association with business performance and future risks:

1.Directors: Pursuant to Article 27-1 of the Company's Articles of Incorporation, transportation expenses of directors, remuneration of independent directors, and salary of the chairperson shall be determined by the board of directors according to the relevant standards adopted in the industry and TWSE/TPEx listed companies. The Company's independent directors only receive a fixed amount of compensation and do not take part in the distribution of remuneration to directors. Pursuant to Article 32 of the Articles of Incorporation: "If the Company has profit for the year, the Board of Directors shall resolve to allocate no more than 1% as directors' remuneration. According to Article 9 of the Company's Board of Directors Performance Evaluation Guidelines, the performance evaluation results of individual directors (excluding independent directors) are used as the basis for the distribution of remuneration to directors. The evaluation covers: Understanding of company goals and missions, understanding of director responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continuing education, and internal controls. The Company has completed Year 2023 Board performance evaluation and establish director's remuneration distribution principles according to the Regulations Governing the Evaluation of Board Performance. Director's remuneration will be distributed according to the principles.

2. President and vice presidents: Reasonable remuneration is determined for the president and vice presidents based on the Company's business performance and their individual performance, as well as standards of the industry and public companies, and is in accordance with the Company's "Regulations for Distribution of Performance Bonuses from Earnings" and "Regulations for Distribution of Employee Bonuses." Their performance targets and performance appraisal items are set at the beginning of the year based on their duties and positions they are scored at the end of the year based on actual achievements and contributions to form the basis for the evaluation. The evaluation items include the Company's business performance, indicators linked to ESG-related performance evaluation, the Company's development and strategy planning, corporate governance, and labor safety management. Related performance evaluation and the salary and the reasonableness of remuneration must be reviewed by the Remuneration Committee and the Board of Directors. The remuneration system shall also be reviewed based on actual business operations and changes in regulations to balance the Company's sustainable development and risk management.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

A total of 7 (A) Board meetings were held between January 2023 and March 2024. The attendance of directors was as follows:

Title	Name	Representative	Attendance in person (B)	Attendance by proxy	Required attendance (A)	Actual attendance rate (%) (B/A)	Notes
Chairperson	China Steel Corporation	Cheng-Chiang Chen	7	0	7	100	
Director		Chao-Tung Wong	7	0	7	100	
Director		Shyi-Chin Wang	7	0	7	100	
Director		Chih-Feng Lee	6	1	7	85.7	
Director		Chen Yang	7	0	7	100	
Director	Hua Eng Wire & Cable Co., Ltd.	Hsiu-Mei Liu	6	1	7	85.7	
Director	Great Grandeul Steel Co., Ltd.	Yu-Lun Kuo	7	0	7	100	
Director	Chin Ho Fa Steel & Iron Co., Ltd.	Tsan-Jen Chen	2	0	2	100	Dismissed on June 21, 2023
Director	Bai-Chien Investment Co., Ltd.	Po-Nien Lin	5	0	5	100	Elected on 2023.06.21
Independent Director	Chia-Jung Chen	-	7	0	7	100	
Independent Director	Po-Han Wang	-	7	0	7	100	
Independent Director	Tai-Kuang Peng	-	5	2	7	71.4	

Other details that need to be recorded in meeting minutes:

I. If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated:

(I) Items specified in Article 14-3 of the Securities and Exchange Act: Refer to Item 1 (1) in "Other matters that should be recorded" in the "State of operations of the Audit Committee" on page 44~45 of the Annual Report.

(II) In addition to the aforementioned matters, other Board meeting resolutions with independent directors' dissenting and unqualified opinions in records or written statements: None.

II. Specify the name of the director, agenda item, reason for recusal, and participation in voting of directors who recused themselves from agenda items they have a conflict of interest: The director or legal person represented had a conflict of interest in the following agenda items, so the director or representative recused him/herself from the discussion and voting:

Meeting date	Agenda	Name of director who recused him/herself	Reason for recusal
2023/05/03	Passed the review of the nomination of the members of 11th-term Independent Directors and the nomination of non-independent Directors.	Chia-Jung Chen, Po-Han Wang	Conflict of interest
	Passed performance evaluation and review results for the President and Vice Presidents for 2023.	Chih-Feng Lee	Conflict of interest
	Passed the proposed performance bonus for the Chairperson, President, and Vice Presidents.	Cheng-Chiang Chen, Chih-Feng Lee	Conflict of interest
2023/08/02	Passed the items for the business management performance evaluation of the President and Vice Presidents in 2023.	Chih-Feng Lee	Conflict of interest
	Passed the proposed remuneration distribution for the Chairperson, President and Vice Presidents.	Cheng-Chiang Chen, Chih-Feng Lee	Conflict of interest
2023/12/27	Passed the salary adjustment of the Chairperson, President, Vice President of Administration Dept., and Vice President of Engineering Dept..	Cheng-Chiang Chen, Chih-Feng Lee	Conflict of interest

III. Implementation of Board performance evaluations:

The Company established the Board of Directors Performance Evaluation Guidelines for the annual internal performance evaluation of the Board of Directors. The Company shall appoint an external professional independent agency or a team of external experts and scholars to conduct an external performance evaluation at least once every three years. The scope of the evaluation includes the performance evaluation of the board as a whole, individual directors, and functional committees.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Internal evaluations shall be	2023.01.01 ~2023.12.31	Board of Directors, Board	In addition to the self-evaluation, the evaluations	(1)The criteria for evaluating the performance of the Board of Directors shall cover at least the following five

implemented each year and an external evaluation shall be implemented at least once every three years.		members, and functional committees under the Board of Directors	are conducted in accordance with the Company's "Board of Directors Performance Evaluation Guidelines" and the Company appointed Taiwan Corporate Governance Association for the external performance evaluation on September 19, 2022.	aspects: A. Participation in the operation of the Company B. Improvement of the quality of the Board of Directors' decision making C. Composition and structure of the Board of Directors D. Election and continuing education of the Directors E. Internal control (2)The criteria for evaluating the performance of the Directors shall cover at least the following six aspects: A. Familiarity with the goals and missions of the Company B. Awareness of the duties of Directors C. Participation in the operation of the Company D. Management of internal relationship and communication E. The Director's professionalism and continuing education F. Internal control (3)The measurement items of functional committee performance evaluation shall cover the following five aspects: A. Participation in the operation of the Company B. Awareness of the duties of the functional committee C. Improvement of the quality of the functional committee's decisions D. Composition and election of members of the functional committee E. Internal control

The performance evaluation of the Board of Directors and functional committees in 2023 include 20 self-evaluation indicators. The maximum score for each self-evaluation indicator is 5 points. The evaluation results were reported to the Board of Directors on February 27, 2024, and are summarized as follows:

(I) Board performance evaluation: Total average score of the questionnaire: 95.27 points. Total average indicator score: 4.76 points. The indicator with an average score lower than the overall average score was "members of the Board of Directors have sufficient knowledge of the Company, its management team, and its industry" for which the score was 4.64 points. The repetitive indicator with relatively low scores was the "Director's attendance in shareholders' meetings" for which the score was 3 points.

(II) Performance evaluation of directors: Total average score of the questionnaire: 96

points. Total average indicator score: 4.80 points.

(III) Results of the performance evaluation of the Audit Committee: Total average score of the questionnaire: 99 points. Total average indicator score: 4.95 points.

(IV) Results of the performance evaluation of the Remuneration Committee: Total average score of the questionnaire: 99 points. Total average indicator score: 4.95 points.

The Company appointed Taiwan Corporate Governance Association to conduct an external performance evaluation of the Board of Directors every three years. The most recent evaluation period was from October 1, 2021 to September 30, 2022. The Company obtained the evaluation report issued by the Association on November 21, 2022 and reported results to the 20th meeting of the 10th-term Board of Directors on December 21, 2022.

IV. Goals for enhancing Board functions and evaluation of implementation in the current year and most recent year:

(I) Established the Regulations Governing Procedures for Board of Directors Meetings as the basis for Board operations.

(II) Established standard operating procedures for handling directors' request, in order to assist directors in performing their duties and improve Board performance.

(III) Important resolutions adopted by the Board of Directors are all announced on the company website, and liability insurance has been purchased for directors.

(IV) Established a Compensation Committee, established and periodically reviewed the reasonableness of directors and managerial officers' remuneration policy, system, standards, and structure, and submitted recommendations to the Board of Directors for discussion.

(V) Established an Audit Committee responsible for evaluation of the effectiveness of internal controls and other material matters specified by the Company or competent authority, and submitted recommendations to the Board of Directors for discussion.

(VI) Appointed the Vice President of Administration Group as the corporate governance officer.

(VII) Regularly or irregularly announces material financial and business information according to laws and regulations.

V. Is at least one independent director in attendance during each Board meeting: Yes.

(II) Operation of the Audit Committee

The Company's Audit Committee is formed by 3 independent directors. The Audit Committee assists the Board of Directors in supervising the Company's quality and integrity with respect to accounting, audit, financial reporting procedures, and financial controls. The Audit Committee convened 6 meetings between January 2023 and March 2024, and matters reviewed mainly include:

1. Review of the establishment or amendments to the internal control system according to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Review of the establishment or amendments to asset acquisition/disposal procedures, derivative trading procedures, procedures on loans to others, endorsement and guarantee procedures, and other procedures of major financial consequences as specified in Article 36-1 of the Securities and Exchange Act.
4. Review of matters in which a director is an interested party.
5. Review of material asset or derivatives transactions.
6. Review of loans of funds, endorsements, or provision of guarantees of a material nature.
7. Review of the offering, issuance, or private placement of equity-type securities.
8. Review of the appointment, dismissal, or compensation of the certifying CPAs.
9. Review of the appointment and removal of the financial, accounting, or internal auditing officers.
10. Review of the annual financial statements signed or sealed by the Chairperson, managerial officer, and chief accounting officer and the first, second, and third-quarter financial report audited and certified by the CPA.
11. Other material matters specified by the Company or competent authority.

Information on Audit Committee members

Position	Qualifications / Name	Professional qualifications and experience
Independent Director	Po-Han Wang (Convener)	Please refer to "Three. Corporate Governance II. (I) Information on directors (2) Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors" of the annual report.
Independent Director	Chia-Jung Chen	Please refer to "Three. Corporate Governance II. (I) Information on directors (2) Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors" of the annual report.
Independent Director	Tai-Kuang Peng	Please refer to "Three. Corporate Governance II. (I) Information on directors (2) Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors" of the annual report.

Key work items this year are summarized below:

1.Financial Assessment Report

Review the 2023 Business Report, financial statements and consolidated financial statements, and earnings distribution proposal, and submit them to the Board of Directors for approval. After the financial statements are audited by the CPAs, the Audit Committee will prepare an audit report for acknowledgment by the 2024 Shareholder's Meeting. The business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee as correctly portraying the Company's business activities.

2.Evaluate the effectiveness of the internal control system

Evaluate the effectiveness of policies and procedures (including financial, operational, risk management, information security, and compliance control measures) of the Company's internal control system, and review periodic reports submitted by the Internal Audit

Office, CPAs, and management. The Audit Committee believes that the Company's risk management and internal control system is effective, and the Company has taken necessary control mechanisms to supervise and rectify violations.

3.Appointment of CPAs

To ensure the independence of the accounting firm, the Audit Committee evaluates the independence, professionalism, and suitability of the CPAs, and verifies if they are related parties or have business or financial interests in the Company. The Audit Committee reviewed and approved the "2022 Audit Quality Indicators (AQIs)" evaluation report provided by the CPAs on February 27, 2024 and all items met standards in the independence evaluation.

A total of 6 (A) Audit Committee meetings of the 11th-term Board of Directors were held between January 2023 and March 2024. The attendance of independent directors was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Required attendance	Actual attendance rate (%) (B/A)	Notes
Independent Director	Po-Han Wang	6	0	6	100	None
Independent Director	Chia-Jung Chen	6	0	6	100	None
Independent Director	Tai-Kuang Peng	4	2	6	66.7	None

Other details that need to be recorded in meeting minutes:

I. Where any of the following circumstances occurs with respect to the operations of the Audit Committee, the date, session, details of the motions, the resolutions from the Audit Committee, and measures taken in accordance with the Audit Committee's recommendations, shall be specified.

(I) Items specified in Article 14-5 of the Securities and Exchange Act:

Date and session of Board meeting	Agenda	Resolution of the Board meeting	Resolutions of the Audit Committee
2023.02.21 10th-term 21st Board meeting	Discussion item 1: The Company's 2022 Business Report and financial statements.	Passed by all directors present at the meeting	15th Audit Committee meeting of the 10th-term Board of Directors on February 21, 2023: Passed with the approval of all members in attendance.
	Discussion item 3: 2022 earnings distribution proposal.	Passed by all directors present at the meeting	15th Audit Committee meeting of the 10th-term Board of Directors on February 21, 2023: Passed with the approval of all members in attendance.
	Discussion item 4: Prepared the 2022 Statement of Internal Control System.	Passed by all directors present at the meeting	15th Audit Committee meeting of the 10th-term Board of Directors on February 21, 2023: Passed with the approval of all members in attendance.
	Discussion item 5: Change of the accountants from Yu-Hsiang Liu and Chao-Chun Wang to Li-Yuan Kuo and Chao-Chun Wang.	Passed by all directors present at the meeting	15th Audit Committee meeting of the 10th-term Board of Directors on February 21, 2023: Passed with the approval of all members in attendance.
	Discussion item 6: Adjustment of fees to certifying CPA.	Passed by all directors present at the meeting	15th Audit Committee meeting of the 10th-term Board of Directors on February 21, 2023: Passed with the approval of all members in attendance.
2023.05.03 10th-term 22nd Board meeting	Discussion item 1: Passed the draft of the Consolidated Financial Statements and Independent Auditors' Review Report for the first quarter of 2023.	Passed by all directors present at the meeting	16th Audit Committee meeting of the 10th-term Board of Directors on May 3, 2023: Passed with the approval of all members in attendance.
	Discussion item 2: Proposal to donate NT$250,000 to CSC Group Education Foundation.	Passed by all directors present at the meeting	16th Audit Committee meeting of the 10th-term Board of Directors on May 3, 2023: Passed with the approval of all members in attendance.
2023.08.02 11th-term 2nd Board meeting	Discussion item 1: Passed the draft of the Consolidated Financial Statements and Independent Auditors' Review Report for the second quarter of 2023.	Passed by all directors present at the meeting	1st Audit Committee meeting of the 11th-term Board of Directors on August 2, 2023: Passed with the approval of all members in attendance.

2023.11.01 11th-term 3th Board meeting	Discussion item 1: Passed the draft of the Consolidated Financial Statements and Independent Auditors' Review Report for the third quarter of 2023.	Passed by all directors present at the meeting	11th Audit Committee meeting of the 10th-term Board of Directors on November 1, 2023: Passed with the approval of all members in attendance.
2024.02.27 11th-term 5th Board meeting	Discussion item 1: The Company's 2023 Business Report and financial statements.	Passed by all directors present at the meeting	4th Audit Committee meeting of the 11th-term Board of Directors on February 27, 2024: Passed with the approval of all members in attendance.
	Discussion item 3: 2023 earnings distribution proposal.	Passed by all directors present at the meeting	4th Audit Committee meeting of the 11th-term Board of Directors on February 27, 2024: Passed with the approval of all members in attendance.
	Discussion item 4: Prepared the 2023 Statement of Internal Control System.	Passed by all directors present at the meeting	4th Audit Committee meeting of the 11th-term Board of Directors on February 27, 2024: Passed with the approval of all members in attendance.
	Report item 6: Assessment report on the independence and competence of the CPAs.	No opinions from any of the directors present at the meeting	4th Audit Committee meeting of the 11th-term Board of Directors on February 27, 2024: Passed with the approval of all members in attendance.
	Discussion item 6: Renewal of the lease of the "First Administrative Building and facilities originally belonging to CSSC" of China Steel.	Passed by all directors present at the meeting	4th Audit Committee meeting of the 11th-term Board of Directors on February 27, 2024: Passed with the approval of all members in attendance.

(II) Any issues apart from the aforementioned matters that are not agreed upon by the Audit Committee but passed by more than two thirds of all directors: None.

II. If independent directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for recusal, and participation in voting: None.

III. Communication between independent directors and internal auditors and accountants

(I) Communication between independent directors and chief internal auditor:

The Company's chief internal auditor attends Audit Committee meetings and routine Board meetings without voting rights, and reports the recent implementation of auditing. The chief internal auditor fully communicates with independent directors regarding the contents of audits, deficiencies found in the internal control system, and improvement and tracking of abnormalities. The Internal Audit Office provides written audit reports and improvement tracking reports to independent directors every 2 months, and directly communicates with independent directors via e-mail, telephone, or face-to-face when necessary.

Interactions between independent directors and chief internal auditor in 2023:

Date	Main Points of Communication	Opinions of the Independent Directors	Response to the Opinions of Independent Directors
2023.02.21	Report of the implementation status of the 2023 Audit Plan	No opinions issued	N/A
	Prepared the 2023 Statement of Internal Control System	Approved	N/A
2023.05.03	Report of the implementation status of the 2023 Audit Plan	No opinions issued	N/A
2023.08.02	Report of the implementation status of the 2023 Audit Plan	No opinions issued	N/A
2023.11.01	Report of the implementation status of the 2023 Audit Plan	No opinions issued	N/A
2023.12.27	Report of the implementation status of the 2023 Audit Plan	No opinions issued	N/A
	Formulation of the 2024 Internal Audit Plan	Approved	N/A

(II) Communication between independent directors and CPAs

The Company's CPAs communicate and discuss matters relating to financial statements during routing Board meetings each quarter. The Company's CPAs may communicate during individual meetings with Audit Committee members or independent directors based on their professional judgment.

Communication between independent directors and CPAs in 2023:

Date	Main Points of Communication	Opinions of the Independent Directors	Response to the Opinions of Independent Directors
2023.11.01	Mainly discussed the 2023 financial statement audit method, significant risks and key audit matters, independence of CPAs, and Audit Quality Indicators (AQIs).	No opinion during the meeting	Meeting between the CPAs and independent director, in which the Company was represented by the chief internal auditor.

(III) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies?	V		The Company established Corporate Governance Best Practice Principles on December 20, 2018, and has revised the principles in response to amendments to laws and regulations. The most recent revision was the third revision by the Board of Directors on September 29, 2022, which was disclosed on the MOPS and company website.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
II. Company stock equity structure and shareholder equity (I) Did the company establish internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implement the procedures accordingly?	V		The Company has established a spokesperson system and other related internal procedures, and personnel can implement the procedures accordingly. If shareholders have any recommendations or disputes regarding stock affairs, the Company has dedicated personnel and a stock affairs agency to handle shareholders' recommendations, questions, disputes, and lawsuits.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the company have a list of major shareholders that	V		The Company has list of major shareholders that have actual control over the	No deviation from the Corporate Governance Best

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
have actual control over the Company and a list of ultimate owners of those major shareholders?			Company at all times and has appointed the shareholder service agency — President Securities Corporation for assistance.	Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the company establish and implement risk management and firewall systems within its conglomerate structure?	V		The Company established Management Guidelines for Related Party Transactions, which regulates transactions between affiliated enterprises. The content includes management procedures for transactions such as the purchase and sales of goods and acquisition or disposal of assets, and requirements for submitting related material transactions to the Board of Directors for approval and report to the shareholders' meeting. The Company also established internal control and internal audit regulations for supervising subsidiaries to strictly control risks.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		The Company established the "Procedures for Handling Internal Material Information" and "Guidelines for Appointment of Spokesman and Deputy Spokesman" and the Board of Directors approved the establishment of the "Regulations Governing Prevention of Insider Trading" on September 29, 2022, which	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			prohibit insiders of the Company from trading securities using undisclosed information in the market. We also announced relevant regulations prohibiting insider trading so that those who cause damage to the Company's properties or interests shall be held legally liable through appropriate channels. Article 9 of the Company's "Regulations Governing Prevention of Insider Trading" states: "During the closed period of 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements, the Directors, Managerial Officer, Vice Presidents, and Accounting Officer of the Company may not buy or sell securities of the Company on their own or in the name of others." Starting from the 19th meeting of the 10-term Board of Directors on November 3, 2022, the Finance & Accounting Department will notify such individuals by email of the aforementioned closed period prior to the announcement of the financial statements. The	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Company provides an insider trading prevention course briefing to the current Directors at least once each year and sent the "2023 Insider Trading Prevention Course" briefing to the current Directors by email on December 5, 2023. We also placed the insider trading prevention course briefings on the Company's internal official website for employees to view, and they were viewed 475 times.	
III. Board compositions and responsibilities (I) Has the Board of Directors established a diversity policy and specific management goals, and implemented them accordingly?	V		1. The Company set forth its diversity policy in "Chapter 3 Enhancing the Functions" of the Board of Directors in the Corporate Governance Best Practice Principles and it was passed at the 11th meeting of the 9th-term Board of Directors on December 20, 2018. The Company's Board members are nominated and selected using the candidate nomination system according to the Articles of Incorporation. Besides evaluating the academic background and experience of candidates, the opinions of stakeholders are also taken into consideration,	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			ensuring the diversity and independence of Board members according to the "Regulations Governing the Election of Directors" and "Corporate Governance Best Practice Principles." 2. Among the 11 directors (including 3 independent directors) of the 11th-term Board of Directors, the directors as a whole have business management, leadership and decision-making, knowledge of the industry, and risk management abilities. Cheng-Chiang Chen, Chih-Feng Lee, and Chen Yang have practical experience in construction management; Chao-Tung Weng, Hsi-Chin Wang, Yu-Lun Kuo, Po-Nien Lin, and Tai-Kuang Peng have an expertise in business management; Hsiu-Mei Liu and Po-Han Wang have an expertise in accounting or finance; Chao-Tung Weng and Chia-Jung Chen have professional knowledge on resource engineering, fully achieving the goal of Board diversity. The directors have provided excellent advice for the Company's business and	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			finances. 3. Of the Company's current directors, 9% are employees of the Company, 27% are independent directors and 18% are female directors. All 3 independent directors have held the position for less than 9 years. 2 directors are above 70 years old, 5 directors are 61-70 years old, 2 directors are 51-60 years old, and 2 directors are under 50 years old. The Company attaches importance to gender equality in its Board composition and aims to increase the proportion of female directors to more than one third (i.e., 33%). The Board of Directors currently has 82% male members (9 members) and 18% female members (2 members). In the future, the Company will dedicate its efforts to increasing the number of female directors to attain this target. 4. The diversity policy for the composition of the Board of Directors is disclosed on the Company's official website and the Market Observation Post System.	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(II) Does the company voluntarily establish other functional committees in addition to the Compensation Committee and Audit Committee?	V		The Company has established a Compensation Committee and Audit Committee, each formed by three independent directors. The Company also established a Corporate Sustainable Development Committee to implement ESG and sustainable development work.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the company establish standards and methods for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	V		The Company established Regulations Governing the Evaluation of Board Performance, and evaluates the performance of the Board of Directors, individual Board members, and functional committees under the Board of Directors each year. Self-evaluations are conducted through a questionnaire and evaluation results are summarized by the Company's Finance & Accounting Department, which are reported to the Board of Directors in the first quarter of the following year as the basis for review and improvement. The Company's Board of Directors performance evaluation results shall be used as the basis for selecting or nominating directors. The performance evaluation of individual directors (excluding independent directors) are	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			used as the basis for the distribution of remuneration for directors. Please see the Corporate Governance Section on the company website for details of the 2023 Board performance evaluation results. To continue to increase the independence and effectiveness of the board performance evaluation, the regulations specified that the Company shall appoint an external professional independent agency or a team of external experts and scholars to conduct an external performance evaluation of the Board of Directors at least once every three years. The Company appointed the Taiwan Corporate Governance Association to conduct the external performance evaluation of the Board of Directors in 2022. The results of the external evaluation are disclosed on the Company's website.	
(IV) Does the Company regularly implement assessments on the independence of CPA?	V		The Company's Audit Committee evaluates the independence and competency of the CPAs every year. In addition to requiring the CPAs to provide the "Declaration of Independence" and "Audit Quality Indicators (AQIs)",	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			it also evaluates the results based on the standards set forth on page 68 (Note 1) of the annual report and 13 AQI indicators. With the exception of expenses for auditing and taxation cases, the certifying CPAs and the Company have no other common financial interests or business relations, and the CPAs and their family members did not violate the requirements of independence. We also referenced AQI information and confirmed that the CPA and the CPA firm's audit experience and training hours outperformed the industry average. We have also incorporated digital audit tools in the last 3 years to increase the audit quality. After discussions and approval in the Audit Committee regarding the evaluation results in the most recent year on February 27, 2024, the results were reported to the Board of Directors for approval of the evaluation of the independence and competency of the CPAs on the same day.	
IV. Does the public company have a suitable number of competent corporate	V		The Vice President of Administration Dept. concurrently serves as the corporate governance	No deviation from the Corporate Governance Best Practice Principles

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?			supervisor, and is mainly responsible for handling matters of Board meetings and shareholders' meeting and preparing the meeting minutes; assisting in the appointment and continuing education of directors; providing data needed by directors to perform their duties; assisting directors with compliance; reporting the results of its compliance review of the qualifications of independent directors with the relevant laws and regulations at the time of their nomination, election and during their term of office to the Board of Directors; handling matters relating to changes in the Directors; and other matters specified in the Articles of Incorporation or contracts. Please see page 121 of this annual report for continuing education of the corporate governance supervisor. The corporate governance supervisor oversees the Company's corporate governance affairs, and the Finance & Accounting Department and Human Resources Department handle related affairs. Key points of implementation are as follows: 1.Notify directors of the	for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			agenda of Board meetings 7 days in advance, convene meetings, and provide meeting materials. Remind directors of agenda items they have a conflict of interest in, and complete Board meeting minutes within 20 days after a meeting. 2. Arrange meetings for independent directors to communicate with the chief internal auditor, CPAs, or other internal units, in order to assist independent directors with performing their duties. 3. Provide a manual for newly elected directors to assist directors with assuming office and compliance, and also assist directors in completing annual continuing education courses. 4. Revise corporate governance related internal regulations in coordination with amendments to corporate governance related laws and regulations, and submit the revisions to the Board of Directors for resolution. 5. Handle pre-registration of the date of the shareholders' meeting,	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			prepare meeting notices, handbook, and proceedings, and handle change of registration for revisions to the Articles of Incorporation or election of directors within the time limit in accordance with the law. 6. The performance of the Board of Directors and functional committees is evaluated on an annual basis according to the Company's Regulations Governing the Evaluation of Board Performance. For example, directors are notified and meeting materials are provided 7 days prior to Board meetings, registration of the date of shareholders' meetings, preparation of meeting notices, annual report, handbook, and meeting minutes, and company registration and registration of changes are completed within the time limit in accordance with the law.	
V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers),	V		1. The Company maintains good communication channels with different stakeholders based on the scope of businesses of each department. The Company also set up a stakeholders' section on its	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
dedicated a section of your company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?			official website for stakeholders to fill out the questionnaire and express their opinions. 2. The Company's Corporate Sustainable Development Committee periodically discusses material economic, social, and environmental issues, goal attainment and future direction of each department, and summarizes results, stakeholder engagement results, discussions, and recommendations for review and approval by the committee chairperson. The committee prepares a report for the Board of Directors each year. 3. The identity of stakeholders, issues of concern, communication channels, and response methods in 2023 were reported to the Board of Directors on December 27, 2023, please see the sustainability section of the company website for details.	
VI. Does the company designate a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed President Securities Corp. Stock Affairs Department to handle the matters of its shareholders' meetings.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
VII. Information disclosure (I) Has the Company established a corporate website on which to disclose information regarding the Company's financial, business and corporate governance standings?	V		The Company has established a bilingual Chinese and English website at https://www.ecotek.com.tw to provide financial, business, and corporate governance information. A dedicated unit is responsible for keeping the website up to date.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the company have other information disclosure channels (e.g., maintaining an English version website, assigning designated personnel to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	V		The Company has set up an English version website, assigns dedicated personnel to collect and disclose company data, implements the spokesperson system according to regulations, and places the briefing files of investor conferences on the Company's website. The Company also reports information and discloses material information in accordance with the "Guidelines for Online Filing of Public Information by Public Companies.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the	V		To increase the speed of information disclosure, the Company announces and reports annual financial statements within two months after the end of each fiscal year, and announces and reports Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
prescribed time limit?			prescribed time limit.	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(I) Employee rights and benefits: The Company is people-oriented and views employees as important assets. We have established complete management systems for the work environment, care for family members, and education and training, which allow employees to gain peace of mind and stability. This aligns employees' personal interests with the Company's interests, so that employees will become fully dedicated to the Company and creating profits. (II) Care for employees: The Company provides employees with general health examinations and special health examinations each year. Family members are also allowed to participate in general health examinations. Results and analysis of annual general health examinations are sent to the supervisor of each department and taken into consideration when	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			assigning personnel. Annual health examination data is imported into a database and personal health records are created for inquiry and tracking. (III) Investor relations: The Company operates based on the spirit of excellence, technology, integrity, and quality, and aims to maximize the benefits for investors by increasing the return on equity. The Company thus fully discloses information for investors to take into consideration. (IV) Rights of suppliers and stakeholders: The Company provides professional consulting and assistance to suppliers (contractors) for financial risk management, ensuring that suppliers can stably perform their contract, protecting the benefits of suppliers' (contractors) employees. The Company clearly defines the safety and control measures needed to be taken by	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			construction personnel for different high risk operations. We periodically evaluate suppliers (contractors) and encourage those with excellent performance. (V) Rights of stakeholders: The Company maintains good communication channels with different stakeholders based on the scope of businesses of each department. The Company distributes questionnaires to obtain the opinions of stakeholders each year. The Company also issues Corporate Sustainability Reports and the communication and response to stakeholders are published in the report. The Company analyzes and formulates management policies for major issues of concern to stakeholders. The communication between the Company and stakeholders was reported in the board meeting on December 27, 2023. The Company has set up a stakeholder area on its website to	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			respond to issues raised by stakeholders. (VI) Implementation of risk management policy and risk measurement standards: The Board of Directors passed the Risk Management Policy and Procedures for the assessment of operational risks, financial risks, hazard risks, information security risks, compliance risks, and other risks. Risk management procedures include risk identification, risk assessment, risk response, risk monitoring, and risk report. The Corporate Sustainable Development Committee assesses and monitors the overall quality of risk management, periodically prepares risks reports for the Audit Committee and the Board of Directors, and also established strict management measures and purchased insurance to reasonably manage the Company's overall operational risks.	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			(VII) Customer policy implementation: The Company adjusts its product portfolio based on customer needs, and provides customers with professional services. Furthermore, the Company conducts customer satisfaction surveys every year, and continues to improve the quality of products and services based on survey results. (VIII) Please see pages 117-120 of this annual report for continuing education of the Company's directors and corporate governance supervisor. (IX) Status of liability insurance purchased by the company for directors: The parent company China Steel Corporation (CSC) uniformly plans the liability insurances for directors and supervisors of the Group's companies annually. The Company handles liability insurances accordingly and reports it to the Board of Directors. (X) Succession plan for	

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Board members and important managers: In the Company's succession plan, successors must have outstanding expertise and management skills, their values must match the Company's, and their personality traits must include integrity, innovation, and action. Training for successors of senior managers include management, professional abilities, job rotation, and experience in domestic and overseas subsidiaries, in order to develop business management abilities required by senior managers. Please see the corporate governance section on the company website for details.	
IX. Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the measures prioritized for issues that require improvement. (I) Improvements proposed based on the 9th Corporate Governance Evaluation (2022) are as follows: 1.#2.24 The Company introduced the ISO 27001 Information Security Management System and received third-party certification. 2.#3.6 The Company discloses the English version of the mid-term financial statements before the reporting deadline. 3.#4.7 Publish the English version of the Sustainability Report. 4.#4.11 Disclosure of the annual greenhouse gas emissions of China Ecotek				

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
Corporation (including subsidiaries in the Consolidated Financial Statements) and obtain external certification. 5.#4.18 Disclosure of the governance of climate related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. (II) Priority improvement items and measures for items yet to be improved are described below: 1.#4.4 Disclosure of relevant ESG information with reference to SASB standards.				

Note 1: CPA independence evaluation criteria

Evaluation item	Evaluation results	Fulfillment of independence criteria
Direct or indirect material financial interests between the CPA and the Company	No	Yes
Financing or guarantee activities between the CPA and the Company or its Directors	No	Yes
The CPA has a close business relationship and potential employment relationship with the Company	No	Yes
The CPA and members of the audit team currently serve or have served in the past two years as directors, managerial officers, or roles that have significant influence on the audit work in the Company	No	Yes
The CPA has provided non-audit services to the Company that may directly affect the audit work	No	Yes
The CPA has brokered shares or other securities issued by the Company	No	Yes
The CPA serves as a defense counsel of the Company or represents the Company in mediating a conflict with a third party	No	Yes
The CPA is a family member or relative of the Company's Director, managerial officer, or person holding a position that has a significant impact on the audit work	No	Yes

(IV) Duties and operation of the Compensation Committee

The Company established the "Compensation Committee Charter" and the Remuneration Committee in the 3rd meeting of the 7-term Board of Directors held on December 22, 2011 in accordance with Article 14-6, Paragraph 1 of the Securities and Exchange Act, and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" announced by the Financial Supervisory Commission on March 18, 2011.

Pursuant to Article 2 of the Remuneration Committee Charter, the Compensation Committee's three members are appointed by the Board of Directors, and has the same term as the Board of Directors from June 21, 2023 to June 20, 2026 (same as the 11th-term Board of Directors).

The Compensation Committee shall act as a prudent administrator with due care to faithfully perform the responsibilities specified in Article 5 of the Remuneration Committee Charter, and shall submit recommendations to the Board of Directors for discussion.

I. Establish performance appraisal policies for the chairperson, the president, and vice presidents, and review them on a regular basis.

II. Establish and review regularly any policies, systems, standards and structures relevant to the remuneration of directors, supervisors, president, and vice presidents (including travel allowances for directors).

III. Determine and regularly review the level of remuneration to directors, supervisors, president, and vice presidents (including travel allowances for directors).

1.Compensation Committee member profiles

Position	Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director	Chia-Jung Chen (Convener)	Please refer to "Three. Corporate Governance II. (I) Information on directors (2) Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors" of the Company's annual report.	The three independent directors all met the following criteria in the two years before being elected and during their term as independent director: 1. The independent director, his/her spouse, and relatives within the second degree of kinship is not a director, supervisor, or employee of the Company or its affiliates. 2. The individual, spouse, or relative within the second degree of kinship is not a natural-person shareholder who holds 1% or more of the Company's outstanding shares or ranks as one of its top ten shareholders. 3. The independent director is not a director, supervisor, or employee of a company with a specific relationship with the Company. 4. Did not provide commercial, legal, financial, or accounting services	1
Independent Director	Po-Han Wang	Please refer to "Three. Corporate Governance II. (I) Information on directors (2) Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors" of the Company's annual report.		1
Independent Director	Tai-Kuang Peng	Please refer to "Three. Corporate Governance II. (I) Information on directors (2) Disclosure of Information on the Professional Qualifications of Directors and Independence of Independent Directors" of the Company's annual report.		0

Position	Qualifications / Name	Professional qualifications and experience	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
			to the Company's affiliates within the past 2 years. 5. Meets independence criteria set forth in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies in the two years before being elected and during the term as independent director.	

2.Operations of the Compensation Committee

(1) The Company's Compensation Committee consists of 3 members.

(2) 10th-term for the members: From June 23, 2020 to June 20, 2023; 11th-term for the members: From June 21, 2023 to June 20, 2026. The Compensation Committee convened 4 meetings (A), and the members' attendance was as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Notes
Convener	Chia-Jung Chen	4	0	100%	Re-appointed on June 21, 2023
Committee Member	Po-Han Wang	4	0	100%	Re-appointed on June 21, 2023
Committee Member	Tai-Kuang Peng	2	2	50%	Re-appointed on June 21, 2023

(3) Operation in 2023:

Date and session of Board meeting	Agenda	Resolution of the Board meeting	Resolutions of the Remuneration Committee
2023.02.21 10th-term 21st Board meeting	Discussion item 2: Report on the distribution of the 2022 employee bonuses and remuneration to directors.	Passed by all directors present at the meeting	9th Remuneration Committee meeting of the 10th-term Board of Directors on February 21, 2023: Passed with the approval of all members in attendance.
2023.05.03 10th-term 22nd Board meeting	Discussion item 4: Performance evaluation and review results for the President and Vice Presidents for 2022.	Passed by all directors present at the meeting	10th Remuneration Committee meeting of the 10th-term Board of Directors on May 3, 2023: Passed with the approval of all members in attendance.
	Discussion item 5: Proposed performance bonus for the Company's Chairperson, President, and Vice Presidents.	Passed by all directors present at the meeting	10th Remuneration Committee meeting of the 10th-term Board of Directors on May 3, 2023: Passed with the approval of all members in attendance.
2023.08.02 11th-term 2nd Board meeting	Discussion item 2: Items for the business management performance evaluation of the President and Vice Presidents in 2023.	Passed by all directors present at the meeting	1st Remuneration Committee meeting of the 11th-term Board of Directors on August 2, 2023: Passed with the approval of all members in attendance.
	Discussion item 3: Passed the proposed remuneration distribution for the Company's Chairperson, President and Vice Presidents.	Passed by all directors present at the meeting	1st Remuneration Committee meeting of the 11th-term Board of Directors on August 2, 2023: Passed with the approval of all members in attendance.
2023.12.27 11th-term 4th Board meeting	Discussion item 3: Salary adjustment of the Chairperson, President, Vice President of Administration Dept., and Vice President of Engineering Dept..	Passed by all directors present at the meeting	2nd Remuneration Committee meeting of the 11th-term Board of Directors on December 27, 2023: Passed with the approval of all members in attendance.

Other details that need to be recorded in meeting minutes:

I. If the Board of Directors does not accept or revises the Compensation Committee's recommendation, specify the date of the Board meeting, session, contents of the agenda item, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinions (if the remuneration passed by the Board of Directors is higher than the recommendation of the Remuneration Committee, specify the discrepancy and reason): None.

II. If with respect to any resolution of the Compensation Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the dissenting opinion of members: None.

(V) Implementation status of sustainable development and deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Has the company established a governance framework for promoting sustainable development and established a fully (or partially) dedicated unit to promote sustainable development? Does the Board of Directors authorize and supervise senior managers in handling such matters?	V		The Company established the Corporate Social Responsibility Management Committee in 2011 and renamed the Corporate Sustainable Development Committee in 2020 according to the vision and mission of the Company's ESG policy. The committee carries out sustainable development work and appoints, according to its charter, one chairperson whose role is filled by the Chairperson; one vice chairperson whose role is filled by the President; and several members including the Vice President of Administration Dept., Vice President of Engineering Dept., and Assistant Vice Presidents of other departments. An implementation center is established under the committee and it has one Chief Executive Officer. The implementation center has a corporate governance group, social relationship group, environmental sustainability group, and risk management group. The "Corporate Sustainable Development Committee"	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			serves as the inter-department communication platform for top-down integration and horizontal connection. It convenes annual meetings to formulate sustainable development visions and prospects, assist the Board of Directors in carrying out its risk management duties, reviews the Company's risk management policy, and examines the management report for material risks. It identifies the sustainability issues of concern to the Company's operations and stakeholders, and formulates suitable strategies and work plans. It plans and executes annual plans, reviews implementation results, and reports the implementation results in the current year, implementation plan for the next year, communication with stakeholders, and the risk management assessments and response strategies. It reported the results to the Board of Directors on December 27, 2023, which were also disclosed on the Company's official website in the sustainability section. The Board of Directors regularly listens to the ESG report of the management team, management must propose company strategies to	

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			the Board of Directors. The Board of Directors assesses the feasibility of these strategies, reviews the strategy implementation results, and urges the management team to make adjustments when necessary.	
II. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		The Corporate Sustainable Development Committee of the Company assessed ESG risks associated with its operations based on the principle of materiality, and established the "Risk Management Policy and Procedures" as the highest guiding principles for risk management. It also regularly reports the risk exposure status to the Board of Directors. The Company uses materiality assessment procedures to identify issues of high concern to stakeholders and formulates material risk response strategies for different risks. The scope of risk management includes the management of operational risks, financial risks, information security risks, hazard risks, and compliance risks to effectively identify, measure, and control the Company's risks and to limit the impact of the risks arising from business activities to an acceptable level. We filed the report on the risk management assessments and	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			response strategies based on the results of the risk identification in 2023. It was discussed and approved by the Corporate Sustainable Development Committee on November 7, 2023, discussed and approved by the Audit Committee on December 27, 2023, and then submitted to the Board of Directors. The boundaries of the risk management policy or strategy are based mainly on the Company. The description is detailed in Note 1 (please refer to pages 88~94 in the Company's annual report).	
III. Environmental issues (I) Has the company established a suitable environmental management system based on the characteristics of the industry?	V		All plants and subsidiaries of the Company have conducted greenhouse gas inventories each year starting from 2023 in accordance with ISO 14064-1. They also appoint impartial third-party certification agencies recognized by the Environmental Protection Administration for verification, and obtain verification reports and verification statements. The Company also established an environmental management system in accordance with ISO 14001 and continues to pass certifications for the management measures from the third-party SGS Taiwan.	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			We also conduct regular compliance audits to verify that all work procedures comply with relevant environmental regulations. The validity period of the latest certificate is from July 29, 2022 to July 29, 2025.	
(II) Is the company committed to improving energy efficiency and using recycled materials which have a low impact on the environment?	V		The Company is committed to developing eco-friendly agents and technologies to lift the environmental burden. We established waste management policies, such as the "Residual Materials Management Regulations" and "Scrap Disposal Regulations," to increase the efficiency of resource use, allowing residual materials or scraps from cutting materials to be effectively recycled or used after the construction is completed.	The Company is not a manufacturing company and the clause to use recycled materials therefore is not applicable.
(III) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures?	V		The Company has disclosed in its Sustainability Report the risks and opportunities that may be caused by global climate change. We analyzed the economic, environmental, and social risks and opportunities, and hired experts to analyze the financial risks and opportunities of climate change based on the TCFD framework and provide training to employees on the corporate governance, strategies, risk management, indicators, and targets in	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			response to climate change. Afterwards, each department assesses the potential risks and opportunities of climate change on future operations, analyzes the possible financial losses, and formulates response plans based on the severity of the impact.	
(IV) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	V		The Company's greenhouse gas emissions, water consumption, and total weight of waste in the most recent two years were as follows: 1. Greenhouse gas emission statistics and management policy: For greenhouse gas emissions in the past two years, assurance conditions, reduction targets, strategies, and specific action plans, please refer to (VI) Climate information of public companies 1-1 and 1-2 of the annual report. 2. Water consumption statistics and management policy: The Company consumed 18,901 and 19,779 tons of tap water in 2022 and 2023, respectively. The water was mainly provided for office use. We support the implementation of water conservation measures in the building and encourage employees to develop good habits of water conservation. 3. Waste disposal policy:	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			The Company is an engineering service company and its waste consists mainly of waste generated by employees when providing routine services, which is disposed by the office building through legal procedures. The Company consumed 12.84 and 12.76 tons of waste in 2022 and 2023. It is delivered over to a waste disposal contractor that processes the waste generated by employees on a daily basis. The disposal is processed in accordance with the regulations of the local government.	
IV. Social issues (I) Has the Company formulated management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?	V		1. To ensure sustainable development and protect the basic human rights of all employees, customers, and stakeholders, the Company adheres to the Universal Declaration of Human Rights, the UN Global Compact, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization. We respect internationally recognized basic human rights, including freedom of association, caring for the disadvantaged, elimination of all forms of forced labor,	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			elimination of discrimination in employment, etc., and abides by the labor-related regulations local to the Company. 2. The Company fully complies with the Labor Standards Act and has never employed child laborers. As of 2023, we have not used child labor under the age of 16 or forced labor since the establishment of the Company. The Company protects the basic human right of equal opportunity for employment. We hire employees entirely based on their professional skills and experience and we never consider factors such as their race, thought, religion, political association, origin, place of birth, gender, sexual orientation, marital status, appearance, physical or mental disability, or union association. There were no violations of human rights or discrimination in the hiring of employees in 2023. 3. The Company established the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" to prevent sexual harassment when conducting official company affairs. The Company has not had labor	

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			disputes, corruption, bribery, or discrimination cases since its founding. 4. Please see the company website for the human rights management policy, specific management plans, and implementation status.	
(II) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		The Company provides salaries and benefits better than competitors, provides equal pay and equal opportunity to promotions. The leave system complies with the Labor Standards Act, and we also established a bonus system, so that business performance will appropriately reflect on employee compensation. Employees' personal performance appraisal results are used as the basis for salary adjustment and the distribution of bonuses. "Please refer to Four. Capital overview (VIII) Employee bonuses and directors' remuneration and Five. Business overview V. Labor-management relations in the Company's annual report."	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the company provided a safe and healthy working environment and provided employees with regular safety and health training?	V		The Company completed the ISO 45001 Occupational Safety and Health Management System certification in 2020 and organizes routine verification each year to effectively improve its risk management	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			ability, ensure safety and health management performance, reduce occupational accidents, and provide employees with a safe employment environment. We provide periodic health examinations and special health examinations every year, and allow employees' family members to participate at their own expense. We also irregularly organize health seminars, and doctors or nurses provide health consultations and care to employees, who are divided into groups based on their health examination results, improving employees' health concepts and understanding. "Please refer to Five. Business overview V. Labor-management relations 6. (2) Protection measures for work environment and employees' personal safety and implementation status in the Company's annual report."	
(IV) Has the Company established an effective career development plan for its employees?	V		The Company's Human Resources Department formulates employee training plans every year, and lays out a learning map for employees' career development, allowing employees to gain necessary skills for promotion while they are working in their current position. In response to the impact of the low birthrate, the	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Company continues to implement training programs to develop employees' second expertise. We hire external lecturers and assign them to ongoing projects, including those of the Civil Engineering and Steel Frame Group, Pipeline and Mechanical Engineering Group, and Electrical Instrumentation Group, as quickly as possible to gain practical experience.	
(V) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	V		We conduct a customer satisfaction survey on customers with project amount reaching NT$10 million and above each year, in order to understand our performance in the industry and customers' level of satisfaction, and thus improve our products and service quality. The Company has established procedures for the protection of consumer rights, such as: Established a dedicated complaint channel, periodically conducted customer satisfaction surveys, and established Procurement Standards to ensure that construction quality complies with international and domestic environmental protection regulations.	No deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(VI) Does the company have a supplier management policy, require suppliers to	V		The Company attaches importance to the environmental and social impact on the supplying	No deviation from the Sustainable Development Best Practice Principles

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?			community, and fulfills its corporate social responsibility together with suppliers. Price quotations and purchase orders include the clause: "The parties shall comply with the CSR policy of both parties upon entering into this purchase contract. If the supplier is found in violation of the policy and causes a significant environmental and social impact on the supplying community, the Company may terminate or cancel this contract at any time. The use of child labor and illegal immigrants, violation of any human rights laws, risk of forced or compulsory labor, and violation of employees' freedom of association and collective bargaining is prohibited, and the Company may terminate this contract if the supplier is found in violation." This prevents the supply chain from having a negative impact on the environment. Please see the Sustainable Development Section of the Company's website under Supplier and Contractor Management Policy.	for TWSE/TPEx Listed Companies.
V. Does the company reference internationally accepted reporting standards or	V		The Company's prepared its 2022 Sustainability Report in 2023 and passed BSI verification; contents of the	No deviation from the Sustainable Development Best Practice Principles

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
guidelines, and prepare reports that disclose non-financial information of the company, such as sustainability reports? Do the reports above obtain assurance from a third party verification unit?			report comply with the GRI Standards: Core Options. We disclosed the report on the Sustainable Development section of our official website and the MOPS.	for TWSE/TPEx Listed Companies.
VI. If the company has established Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies," describe any discrepancy between the principles and their implementation: The Company has established Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies" and disclosed it on the Market Observation Post System and the company website. Our actual operations are in compliance with the principles.				
VII. Other important information helpful in understanding the implementation of sustainable development (I) Environmental protection As the world faces a deteriorating environment and becomes more concerned about environmental protection issues, environmental protection projects are our main business items, and cover water resource management, air pollution prevention, and waste disposal. We use highly efficient sewage treatment technology and develop air pollution prevention technologies to improve the quality of life for all people. (II) Social services To give back to local communities to help support disadvantaged groups, the Company regularly holds anniversary celebrations and charity activities every year, inviting children, parents, and teachers from rural areas and communities to participate in the activities and have fun together. We also organize the "Love and Learning in Rural Areas" from time to time and invite social welfare groups to participate in family movie events, family day trip to the National Museum of Marine Biology and Aquarium in Pingtung to promote positive interactive development between the Company, employees, and communities, while conveying the concepts of environmental sustainability and support for the society. The 2023 anniversary celebration was held at Shoushan Zoo and we invited				

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
groups such as the Kaohsiung City Fuxing Elementary School Little League Team, Down Syndrome Caring Association, Red Cross Nursery Center Cihhuei Garden, Kaohsiung Autism Foundation, and Baolai Junior High School Choir. A total of 209 people participated in the event and we donated NT$318,000 for operations. We were honored to invite the Baolai Junior High School Choir, which won the championship of the 12th World Choir Games in 2023, for everyone participating in the event to enjoy their wondrous performance. We also invited social welfare groups to perform on stage. The performers worked hard to show off the results of their hard work received warm applause from everyone in touching moments. Later, we took social welfare groups to the ecological tour and fair at Shoushan Zoo. They returned home with wonderful memories filled with laughter and warmth. The Fuxing Elementary School Little League Baseball Team in Qianzhen District, Kaohsiung City has received long-term financial support from the Company due to its proximity. Baseball has always been regarded as a national sport and requires solid training from an early age. The Fuxing Elementary School Little League Baseball Team is a baseball powerhouse with fine traditions and honors. It was founded in 1985 and has continuously cultivated many talented baseball players for Taiwan in the past 40 years. The Company donates a fixed amount of NT$100,000 every year for daily training expenses, team competition expenses, and support for venue repairs, jersey and equipment purchases to provide young players with a safe training environment. In 2023, we invited Kaohsiung Autism Foundation to participate in the family movie event with a total of 50 participants. The club organizes activities to support with parents in their hard work in taking care of children with special needs. We hope that the relaxing and lively activities can enhance parent-child interactions and allow parents to take it easy for a while. In addition, we have provided meal subsidies for students in remote areas of Kaohsiung City every year starting from 2021. The schools receiving assistance include Namasha Junior High School, Minsheng and Minquan Elementary School in Namasia, and Taoyuan Junior High School in Kaohsiung City. We provide subsidies to Maolin Junior High School in Kaohsiung City with a bottle of extended shelf life milk for each student each week and as well as subsidies for dinner expenses for disadvantaged children in evening self-study classes who have single parents, raised by grandparents or foster parents, come from low and middle-income households or families that have suffered sudden changes. The Company has spared no effort in investing in community activities in recent years, and continues to hold charity activities year after year to transform our energy into a habit. We hope that employees, communities, and disadvantaged groups can feel the warmth and strength of CEC's continuous efforts, and expand				

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
the energy everywhere to form an enterprise that practices happiness and creates a positive cycle for good. (III) Consumer rights The Company is a professional construction service company, and attaches great importance to the fulfillment of contractual obligations. We have gained the recognition of clients numerous times and received certificates of appreciation. (IV) Human rights The Company respects the basic human rights of all employees, customers, and stakeholders, and we adhere to the Universal Declaration of Human Rights, the UN Global Compact, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization. We comply with the labor laws and regulations at the Company's locations, establish and implement relevant manpower policies and internal regulations, and encourage suppliers and partners to comply with the spirit of human rights policies and commit themselves to providing a safe and healthy working environment, eliminate unlawful discrimination to ensure equal employment opportunities, ban child labor and forced labor, assist employees to maintain physical and mental health and work-life balance, and encourage suppliers and partners to protect human rights as their implementation strategy. Please see the Company's official website for the human rights management policy and implementation status. (V) Safety and health The Company's safety and health management framework is based on the occupational safety and health management system (ISO 45001), and continues to make improvement through the plan-do-check-act (PDCA) cycle. Combined with leadership and participation requirements in the latest articles, we are able to prevent accidents, improve employee safety and health, and protect company assets. Safety management involves safety and health education and training to improve employees' self-management, identification of environmental and operational hazards before construction, and assessment of risks and opportunities (added the organization's internal and external situation, requirements and expectations of stakeholders) to establish operational safety procedures (assessment of internal and external issues that affect the organization, requirements and expectations of workers, customers, competent authority, residents, and labor unions), and aims to prevent accidents from occurring, protect the safety of the Company and suppliers' employees, and meet the requirements and expectations of stakeholders and investors on returns. We also established Guidelines for the Accident Casualty Handling Team and Guidelines for Staying in the Workplace During a Typhoon, in order to reduce damages caused by disasters and minimize the social and environmental impact. Strictly require the				

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
implementation of high risk operation controls; For construction safety, construction is carried out according to the construction plan and safety facilities are installed according to the requirements of occupational safety regulations; We will also step up safety design and planning and periodically conduct safety inspections for equipment and facilities of the IT and general affairs departments; As for health management, we carry out general health promotion and occupational health management affairs. (VI) Employee rights and benefits The Company is people-oriented and views employees as important assets. We have established complete management systems for the work environment, care for family members, and education and training, which allow employees to gain peace of mind and stability. This aligns employees' personal interests with the Company's interests, so that employees will become fully dedicated to the Company and creating profits. (VII) Care for employees The Company provides employees with periodic general health examinations and special health examinations. Family members are also allowed to participate in general health examinations. Results of general health examinations are sent to the supervisor of each department and taken into consideration when assigning personnel, in order to ensure the operational safety of employees. Health examination data is imported into a database to create personal health records, making it convenient for individuals to check and track their health. The Company currently provides AED in 17 locations around Taiwan, and basic life support instructor and full-time nurses taught 29 sessions of the "CPR+AED first aid training course." The Company has full-time nurses to provide health management and on-site health services, occupational injury and disease and general injury and disease prevention and treatment, labor health record analysis, assessment, management, and preservation, individual consultation and instructions for disease prevention, and also track the health of the Company and contractors' employees with high blood pressure, high blood sugar, or high blood cholesterol. Supervisors oversee and respond to employees' health control status, and continue to care for employees' personal health. A number of clubs beneficial to employees' physical and mental health were established to reduce work stress. Furthermore, the Company has enrolled employees in group accident insurance, so that employees can focus on work without any worries. (VIII) Investor relations The Company operates based on the spirit of excellence, technology, integrity, and quality, and aims to maximize the benefits for investors by increasing the return on equity. The Company thus fully discloses information for investors to take into consideration.				

Implementation items	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(IX) Rights of suppliers and stakeholders The Company provides professional consulting and assistance to suppliers (contractors) for financial risk management, ensuring that suppliers can stably perform their contract, protecting the benefits of suppliers' (contractors) employees. The Company clearly defines the safety and control measures needed to be taken by construction personnel for different high risk operations. We periodically evaluate suppliers (contractors) and encourage those with excellent performance. During price inquiry, the contents of work, regulations, schedule, and safety are fully explained and clarified with the contractor, so that the contractor will understand the scope of supply and risks. The contract amount, payment terms, responsibilities of both parties, rights and obligations, and penalties are clearly specified in the contract during contract signing, and serve as the basis for contract performance.				

Note 1: Risk assessment based on the ESG principle of materiality

Dimension	Risk attributes	Risk item	Risk events and management response measures
Economic/ Governance	Financial risks	Foreign exchange and interest rate risks	1. In the event of an increase in financing costs due to rising interest rates, the Company is able to obtain more favorable interest rates through long-term cooperation with financial institutions and sound financial operations to reduce the impact of interest rate fluctuations. 2. The Company prioritizes foreign currency deposits or foreign exchange contracts to meet the demand on foreign exchange for confirmed purchase orders, and requires procurement units to apply for material procurement as early as possible to reduce the risks of exchange rate fluctuations. 3. The Company regularly analyzes macroeconomic data and foreign exchange trends and provides full and timely information to the management and relevant departments for reference to formulate strategies for reducing exchange rate risks.
	Business	Project	1. The problem of labor shortage for contractors

Dimension	Risk attributes	Risk item	Risk events and management response measures
	risks	management risk	is a long-term structural issue. To ensure sufficient capacity for construction projects and meet construction period requirements, the Company will carefully choose partners and must verify that they have sufficient manpower before taking on projects to avoid delays caused by labor shortages. We will maintain long-term stable relations with high-quality contractors and carefully evaluate the capabilities of new contractors. We also pay close attention to the government's policies and laws on migrant workers, and make timely plans to hire foreign migrant workers based on the nature and schedule of projects to fill the manpower gap. 2.The Company is committed to improving employee benefits to retain outstanding talents, and has launched second expertise training programs for employees to improve the flexibility and availability of manpower and cope with the decline in the future labor population caused by the declining birthrate. 3.In response to the risks of erosion of project gross profit caused by fluctuations in raw material costs, we duly inform owners of the validity period of quotes, and sign contracts with owners that allow for price adjustments to reduce the impact of inflation. For bulk raw materials, we sign long-term agreements with manufacturers and negotiate on prices based on quantity to minimize the cost. We also request project implementers to speed up the design and planning so that subsequent material purchases can be executed as soon as possible to avoid exceeding the project budget.
		Manpower shortage risks	1.Establish diverse recruitment channels: In addition to continuous increase of recruitment

Dimension	Risk attributes	Risk item	Risk events and management response measures
			and exposure, we also implement human resource support measures such as engineering outsourcing, dispatched manpower, and foreign migrant workers. 2.Optimize the salary and reward system to attract and retain outstanding talents. Strengthen the employees' second expertise training to increase the available manpower and increase manpower utilization flexibility. 3.Establish a database of retired talents to make full use of middle-aged and elderly manpower. 4.Hire foreign migrant workers to increase entry-level technical manpower and address the manpower demand for construction projects.
		Market Risk	1.The Company's has a high customer concentration rate and customers consist mainly of China Steel and companies in the Group. The credit quality of customers has been assessed as good and there is no concern of default. The Company has set a ten-year long-term goal for increasing the proportion of revenue outside the group and will review and track performance year by year to achieve the goals based on the schedule. 2.The Company has set the four basic business growth strategies of "engineering," "operation maintenance," "circular economy", and "sales business", and implements the following operation plans: (1) Strengthen core technology management and development; (2) Develop digital transformation and improve management efficiency; (3) Promote the integration of refractory engineering materials; (4) Develop circular economy engineering businesses. In terms of sales, we focus on business items that we actively developed in recent years. We have

Dimension	Risk attributes	Risk item	Risk events and management response measures
			successively developed products such as LED lamps, activated carbon adsorbents, and air purification equipment. In the future, it will continue to develop product lines to increase product diversification. In terms of construction projects, we also continue to enhance construction management capabilities and develop intelligent engineering to attract more diverse customers and disperse risks. 3. According to the national development plan approved by the Executive Yuan, the six core strategic industries include Taiwan's precision health industry and green energy and renewable energy industry. The Company has outstanding engineering performance and excellent reputation in biotechnology and pharmaceutical plants, and actively pursues plant construction projects. We also support the transformation of incineration plants into renewable energy plants and biomass boilers to reduce carbon emissions and produce green electricity. We work with major equipment suppliers to gain business opportunities for incinerators and air pollution control. 4. In response to climate change, the Executive Yuan has planned construction projects for water resources such as recycled water treatment, desalination, and other public projects. The Company relies on its extensive track records in water treatment projects and strategic alliances with high-quality manufacturers to establish intelligent projects, improve design capabilities, and win future business opportunities. 5. Engage customers and ITRI in industry-academia collaboration to develop technical capabilities for low-carbon engineering and help customers attain carbon

Dimension	Risk attributes	Risk item	Risk events and management response measures
			reduction goals.
Environmental, Social	Hazards and risks	Risk of financial losses caused by natural disasters or climate change	1.The water supply in Southern Taiwan fell at the beginning of 2023. In addition to requiring employees to comply with the Group's relevant water-saving measures for the use of water in toilets, watering flowers, and turning off non-essential air conditioners to increase water conservation, we also produced signs to continue to increase employees' awareness. 2.In response to dwindling water supply alerts in early 2023, the Chengcing Lake water treatment plant used the lessons learned in the once-in-a-century drought in 2021 and produced SOPs for all employees. The drill was completed on January 19, 2023 so that they can respond to possible disasters. In addition, to address the filter blockage problem that may be caused by the growth of algae due to the poor supply of raw water in from 7th Branch of Taiwan Water Company, we added two sets of algae removal equipment and adjusted the amount of ozone added to match the increase in aluminum sulfate and the adjustment of the backwash time. 3.A total of six typhoon alerts were issued in 2023. We reminded all project teams to establish a disaster prevention response team and prepare for typhoon response measures. They were required to carry out comprehensive inspections in accordance with the "Disaster Prevention Measures Checklist", notify the supervisor of the unit immediately after inspections are completed, and upload the inspection results to the KM platform before 16:00 on the same day. They were also notified that they must perform additional inspections before construction can

Dimension	Risk attributes	Risk item	Risk events and management response measures
			begin again after the typhoon. They can only commence operations when there are no safety risks and they must report results to the group. 4.In response to the possible occurrence of heat hazards caused by abnormally high temperatures in the summer of 2023, the Safety & Health Department organized a briefing session on how to prepare a "Heat Hazard Prevention Plan for High-Temperature Outdoor Operations" on July 17, 2023 for a total of 41 participants.
		Greenhouse gas emissions	1.Although the Company has not yet been included as a target of greenhouse gas emission regulations announced by the Ministry of Environment, we still follow the requirements of the Financial Supervisory Commission and China Steel Group to take response measures in advance. We also cooperate with the government's environmental protection policies, conduct greenhouse gas inventories, and obtain third-party verification. 2.In terms of reducing greenhouse gases, we plan to start with electricity conservation and the use of clean energy (e.g., solar energy) to reduce indirect greenhouse gas emissions. The short-term goal is to reduce total greenhouse gas emissions by 1% with 2022 as the baseline year, and the medium-term goal is to reduce total greenhouse gas emissions by 1.5% with 2022 as the baseline year.
		Pandemic	1. We reference government information on prevention measures, immediately update announcements, and organize seminars. 2. We formulate and implement the Company's epidemic prevention rules and regulations for each plant area.

Dimension	Risk attributes	Risk item	Risk events and management response measures
		Occupational safety and health	1.Strengthen awareness training in response to cases, review key occupational safety and health mechanisms, and strengthen training for individual topics (such as crane operations by personnel). Set hold points for inspections and implement automatic inspections. 2. Strengthen the inspection mechanisms, set up a safety inspection team, regularly inspect the compliance of construction machinery and safety protection, and hold regular crane operation review meetings. 3. For contractors and employees who have repeatedly violated regulations, the Company increases the frequency of occupational safety training to increase their awareness of hazards. 4. Implement the zero disaster movement: Each day, the construction foreman and safety and health personnel lead the safety awareness notice for the day's work items, risks, and hazards. The zero-disaster activities help workers understand the operational risks of their own work items and take protective measures. They conclude these sessions by reiterating the zero-disaster reminders for the key work items of the day to enhance awareness.

(VI) Climate information of TWSE/TPEx-listed companies

1. Implementation status of climate-related information

Item	Implementation status
1. Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and the management.	1. The Corporate Sustainable Development Committee, chaired by the Chairperson, is the highest-ranking organization for the Company's climate change management. The Corporate Sustainable Development Committee assists the Board of Directors in performing its risk management responsibilities and is responsible for reviewing the Company's risk management policies and reviewing management reports on major risk issues. It convenes a meeting each year, and the chair may convene ad hoc meetings as necessary. 2. The risk management group is established under the jurisdiction of the Corporate Sustainable Development Committee and it is responsible for overall risk management matters, including integration and coordination of common risk management issues between departments, publication and communication of important risk management matters, implementation and tracking of risk management resolutions assigned by the Board of Directors or the Corporate Sustainable Development Committee, and submission of risk management reports. 3. With the participation of heads of departments and employees in communication, we assess the potential risks and opportunities of climate change on future operations and develop response plans. The risk management team will submit the identification results and response measures to the chair of the Corporate Sustainable Development Committee (Chairperson) for

	approval and the results shall be disclosed in the ESG Sustainability Report. Starting from 2024, the Audit Committee will supervise these measures and report results to the Board of Directors.
2. Describe how the identified climate risks and opportunities impact the Company's business, strategy and finances (short-term, medium-term, and long-term).	The Company assesses the financial impact based on the climate change risks and opportunities identified by different units and assesses the risks and opportunities of climate change for the Company with annual reviews and updates in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The Company completed its latest climate risk assessment at the end of 2023, which addressed the proposed disclosure items for information on governance, strategy, risk management, indicators, targets for climate-related risks and opportunities, and related issues. Please refer to section 3.1.4 of 2022 Sustainability Report.
3. Describe the financial impact of extreme weather events and transition actions.	Use different scenarios to examine the impact of various climate risks and opportunity events, including identifying transformation risks caused by extreme weather. If customers increase their requirements for low-carbon production processes to attain carbon neutrality, it will affect CEC's current business model. We must also identify opportunities in low-carbon engineering businesses, energy conservation and carbon reduction products, and green energy industry transformation. The Company shall formulate response plans, including continuing greenhouse gas reduction measures, improved technologies for renewable energy, water reclamation plants, wastewater treatment, carbon capture, and energy cycle conversion based on the identification results to help customers meet their carbon reduction needs.
4. Describe how climate risk identification, assessment, and management processes are	1. The Company formulated the "Risk Management Policy and Procedures" in 2021.

integrated into the overall risk management system.	The Board of Directors is the highest decision-making unit for risk management. To implement risk management mechanisms, it conducts regular risk assessments every year and submits the risk assessment results report to the Company's Corporate Sustainable Development Committee. The Corporate Sustainable Development Committee assists the Board of Directors in performing its risk management responsibilities and is responsible for reviewing the Company's risk management policies and management reports on major risk issues. 2. The Company hired experts to analyze the financial risks and opportunities of climate change based on the TCFD framework and provide training to employees on the corporate governance, strategies, risk management, indicators, and targets in response to climate change. Afterwards, each department assesses the potential risks and opportunities of climate change on future operations, and formulates response measures, and submits the identification results and response measures to the Corporate Sustainable Development Committee for discussion. 3. To strengthen risk management mechanisms, starting from 2023, the Audit Committee oversees risk management, and the risk management assessment and response strategies approved by the Corporate Sustainable Development Committee are submitted to the Audit Committee for discussion and reported to the Board of Directors.
5. If scenario analysis is used to assess resilience to climate change risks, describe the scenarios, parameters, assumptions,	Please refer to section 3.1.4 Financial impact of risks and opportunities arising from climate change in the Company's Sustainability Report.

analysis factors, and main financial impacts used.	
6. If the Company has a transformation plan to manage climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transformation risks.	N/A
7. If internal carbon pricing is used as a planning tool, explain the basis for pricing.	N/A
8. If climate-related targets are set, provide information such as the activities covered, the scope of greenhouse gas emissions, the planned schedule, and annual progress. If carbon offsets or renewable energy certificates (RECs) are used to attain relevant targets, explain the source and quantity of the offset carbon reduction credits or the number of renewable energy certificates (RECs).	Please refer to 1-2 below
9. Greenhouse gas inventory, assurance conditions, reduction targets, strategies, and specific action plans (specify them in 1-1 and 1-2).	Please refer to 1-1 and 1-2 below

1-1 The Company's greenhouse gas inventory and assurance conditions in the last two years

According to the provisions of the "Sustainable Development Guidemap for TWSE- and TPEx-Listed Companies" issued by the Financial Supervisory Commission for implementation in separate phases, the Company is a company with a capital of less than NT$5 billion. We are required to complete the disclosure of the Company's individual greenhouse gas inventory before 2027 and complete the disclosure of the certified greenhouse gas inventory by 2029. However, the Company has taken the initiative in carrying out the 2021 GHG inventory and certification of Pinghe Plant in Siaogang in 2022 as a subsidiary included in the consolidated financial statements of the parent company (China Steel). We shall implement the greenhouse gas inventory of the parent company and subsidiaries on the consolidated financial statements and obtain third-party verification for ISO 14064-1 starting from 2023.

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million) and data coverage of greenhouse gases in the past two years.

2022 greenhouse gas emissions Unit: Metric tons CO_2e

Report boundaries (Note)			Greenhouse gas emission
Category		Explanation	
Direct greenhouse gas emissions		Total of greenhouse gases owned or controlled by an organization within its boundaries.	220.2124
Indirect greenhouse gas emissions	Input greenhouse gas emissions	Input indirect greenhouse gas emissions from electricity.	312.4142
	Transportation greenhouse gas emissions	Upstream and downstream transportation of products; indirect greenhouse gas emissions from employees' commutes and business travel.	2,909.2202
	Greenhouse gas emissions from products used by the organization	Indirect greenhouse gas emissions from upstream sections of purchased electricity, oil, water, and other energy resources, as well as waste disposal and treatment.	191.5876
	Greenhouse gas emissions from use of the organization's products	Not disclosed	-----
	Greenhouse gas emissions from other sources	Not disclosed	-----
Total direct and indirect greenhouse gas emissions		**3,633.434**	

Greenhouse gas emission intensity in 2022: 0.0602 metric tons CO_2e/NT$ million in revenue

2023 greenhouse gas emissions Unit: Metric tons CO_2e

Report boundaries (Note)		Greenhouse gas emission
Category	Explanation	
Direct greenhouse gas emissions	Total of greenhouse gases owned or controlled by an organization within its boundaries.	281.0511

Indirect greenhouse gas emissions	Input greenhouse gas emissions	Input indirect greenhouse gas emissions from electricity.	382.9131
	Transportation greenhouse gas emissions	Upstream and downstream transportation of products; indirect greenhouse gas emissions from employees' commutes and business travel.	Unfinished
	Greenhouse gas emissions from products used by the organization	Indirect greenhouse gas emissions from upstream sections of purchased electricity, oil, water, and other energy resources, as well as waste disposal and treatment.	Unfinished
	Greenhouse gas emissions from use of the organization's products	Not disclosed	-----
	Greenhouse gas emissions from other sources	Not disclosed	-----
Total direct and indirect greenhouse gas emissions		**663.964**	

Greenhouse gas emission intensity in 2023: 0.0680 metric tons CO_2e/NT$ million in revenue

Note: Organization boundaries and report scope

Plant area	Scope of activities and geographical location
Head office	8F, No. 88, Chenggong 2nd Rd., Qianzhen District, Kaohsiung City 80661
Pinghe Plant	No. 201, Heping Rd., Xiaogang District, Kaohsiung City 81243
Dragon Steel site-office of CEC	No. 100, Longchang Road, Longjing District, Taichung City 43445
China Steel site-office of CEC	No. 1, Zhonggang Rd., Xiaogang Dist., Kaohsiung City 81233
Bao-Cheng Technology Center	8F, No. 88, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City 80661
China Ecotek Vietnam Company Limited	9F, Petroland Tower, No.12, Tan Trao St., Ward Tan Phu, Dis. 7, Ho Chi Minh City, Vietnam
Xiamen Mao Yu Import and Export Trading Ltd.	Room 2205-3, Lixin Square, No. 90, Hubin South Road, Siming District, Xiamen City, Fujian Province

Greenhouse gas emission intensity in 2023: 0.0680 metric tons CO_2e/NT$ million in revenue

Note 1: Direct emissions (Scope 1, emission sources owned or controlled by the Company), indirect energy emissions (Scope 2, indirect greenhouse gas emissions from the input of electricity, heat, or steam), and other indirect emissions (Scope 3, emissions from the Company's activities that are not indirect energy emissions, but are from sources owned or controlled by other companies).

Note 2: The coverage of direct emissions and indirect energy emissions data shall be handled in accordance with the timetable specified in Article 10, Paragraph 2 of these Regulations. Information on other indirect emissions may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated for each unit of product/service or revenue, provided that the data for calculating the revenue (in NT$ millions) are explained.

1-1-2 Greenhouse gas assurance information

Describe the assurance conditions in the last two years as of the publication date of the annual report, including the scope of assurance, assurance institution, assurance standards, and assurance opinion.

Item \ Year	2021	2022
Scope of assurance	Pinghe Plant	Head Office (4F and 8F of the head office building of China Steel) Pinghe Plant Dragon Steel site-office of CEC China Steel site-office of CEC Bao-Cheng Technology Center China Ecotek Vietnam Company Limited Xiamen Mao Yu Import and Export Trading Ltd.
Assurance institution	SGS	SGS
Assurance standards	ISO14064-1:2018	ISO14064-1:2018
Assurance opinion	SGS evaluated the greenhouse gas information system, supervision methods, and reporting	SGS evaluated the greenhouse gas information system, supervision methods, and reporting procedures of

	procedures of CEC's Pinghe Plant with objectivity and impartiality. The greenhouse gas emissions covered the period from January 1, 2021 to December 31, 2021. SGS provided reasonable assurance for Scope 1 and Scope 2 emissions and limited assurance for Scope 3 to 6 emissions based on the inspection results for the consistency and appropriateness of the scope of application, objectives, and standards with unqualified opinion.	CEC with objectivity and impartiality. The greenhouse gas emissions covered the period from January 1, 2022 to December 31, 2022. SGS provided reasonable assurance for Scope 1 and Scope 2 emissions and limited assurance for Scope 3 to 6 emissions based on the inspection results for the consistency and appropriateness of the scope of application, objectives, and standards with unqualified opinion.
Statement number	TW22/00527GG	TW23/00516GG
Statement issuance date	December 14, 2022	October 7, 2023

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

Describe the greenhouse gas reduction baseline year and its data, reduction targets, strategies, specific action plans, and attainment of reduction targets.
1. CEC sets short, medium and long-term carbon reduction goals, takes a path of gradual carbon reduction for ultimate carbon neutrality, and aims to complete comprehensive inventory for the 2022 baseline year and carbon neutrality. 2. The short-term goal is to reduce emissions by 1% in 2025 compared with the baseline year. The action plan uses digital transformation to improve efficiency and reduce office energy consumption. The main carbon reduction measures include paperless online sign-off for procurement, contracting, accounting, and reimbursement applications in the ERP operating system and replacement of all lighting equipment with LED flat-panel lights in offices. 3. The medium-term target is set to reduce emissions by 1.5% by 2030 compared with the baseline year. The measures include the digitalization of construction logs, construction records, on-site inspection records, and other forms (paperless), replacement of official vehicles with hybrid electric vehicles, setting up solar panels on the roof of the Linyuan Plant to provide electricity required for certain operations, and planting trees in Linyuan Plant to offset carbon emissions. 4. The long-term target is to work towards carbon neutrality, substantially improve energy efficiency and the use of green energy as the main tasks of carbon reduction, and fully adopt the use of green energy vehicles for transportation and material handling. The actual measures include replacing all forklifts used in plants with electric forklifts and replacing all official vehicles with electric vehicles.

(VII) Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions (I) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	V		1. The Board of Directors passed the "Ethical Corporate Management Best Practice Principles" and established the "Procedures for Ethical Corporate Management and Code of Conduct" based on the principles, and both contain provisions on the prevention of dishonest conduct. The Company clearly states its ethical corporate management philosophy in its company introduction and sustainability report. 2. The Internal Audit Office periodically audits the implementation of ethical corporate management, proposes improvement recommendations, tracks its progress, and submits reports to the Board of Directors and Audit Committee for review. This is an important mechanism for the supervision of ethical corporate management policies by the Board of Directors.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the company establish mechanisms for assessing	V		The Company established the "Code of Ethics for	No deviation from the Ethical

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?			Employees" and "Employee Accepting Offer and Lobbing Report Logbook." Employees shall not request, offer or receive any gifts, treats or other benefits provided by interested parties related to their job duties. Violators will be punished according to company regulations and brought to justice if the violation involves criminal liability. Pursuant to the Contractor Selection Guidelines, contractors that offer gifts, bribes, commission, or other illegal benefits to the Company's personnel will be permanently blacklisted once verified. The Company established the Procedures for Handling Internal Material Information and the Regulations Governing Prevention of Insider Trading to prevent the leakage of internal material information by directors, managerial officers, or employees. If a leak damages the Company's assets or interests, the Company will take legal action to hold the violator responsible.	Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for	V		The Company established "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and	No deviation from the Ethical Corporate Management Best Practice Principles

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
violation, rules of appeal clearly stated in the policies, implemented the policies, and review the policies on a regular basis?			Guidelines for Conduct," and shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanisms to create an operating environment for sustainable development. The Company promotes ethical conduct, discipline, and related company regulations in various internal activities and meetings to encourage employees to conduct careful business operations and establish a culture of ethical business practices. The Company shall periodically review and revise the abovementioned procedures and guidelines for conduct.	for TWSE/TPEx Listed Companies.
II. Implementation of ethical corporate management (I) Does the Company evaluate the ethical conduct record of counterparts, and does it include an ethical conduct clause in contracts signed with the counterpart?	V		For better management of contractors, the Company specified in the construction contract that the Company's Procurement Department may request approval from the Vice President of Administration Group to permanent blacklist a contractor if the contractor has any one of the following situations: 1.Breach of contract by the contractor causes the	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			Company to sustain severe losses. 2. The contractor is verified to have engaged in illegal conduct, such as manipulation or bid rigging. 3. Penalties shall be imposed on suppliers that provide bribes, gifts, commissions, compensation, interest in exchange for benefits, or other illegitimate benefits to the Company's managerial officers, employees, or part-time employees, their spouses, direct blood relatives, consultants, or design and planning companies once such violations are verified.	
(II) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		The Administration Group established regulations and departments are responsible for assisting the Board of Directors and management in formulating and supervising the implementation of the ethical corporate management policy and prevention plans. We employ internal audit mechanisms and special audits to supervise the implementation and follow up on improvement. The Company has not violated ethical management regulations in 2023, and the ethical corporate management	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			operations and implementation have been reported to the Board of Directors on December 27, 2023. The units under the Administration Group and the Internal Audit Office are responsible for the following matters: 1. Human Resources Department: (1)Planning of internal organization, staffing and job duties, establish mutual supervision and balance mechanisms for operating activities of relatively higher unethical conduct risk in the scope of business. (2)Promotion and coordination of ethical policy promotion. 2. Legal Office: (1)Assisting in incorporating ethics and moral values into the company's business strategy. (2)Establishing Ethical Management Operation Procedures and Code of Conduct according to regulatory system. (3)Establishing and maintaining relevant company internal regulations, such as Code of Conduct for Directors,	

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			Code of Conduct for Practitioners and Regulations for Ethics of Practitioners, etc. 3. Internal Audit Office: (1)Developing a whistle-blowing system and ensuring its operating effectiveness. (2)Assisting the board of directors and management in auditing and assessing whether or not the prevention measures taken for the purpose of implementing ethical management are effectively operating and preparing reports on the regular assessment of compliance with ethical management in operating procedures. The 2023 ethical corporate management and implementation are as follows: 1.Education and training: The Human Resources Department plans a series of courses on regulations and construction contract performance management, providing construction company personnel with knowledge of the law, work rules, code of conduct, and the protection of intellectual property rights and trade	

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			secrets. Case studies during the courses emphasize concepts and implementation of ethical corporate management, jointly managing and preventing unethical conduct. A total of 265 people participated in the courses for a total of 221 man-hours. 2. Compliance promotion: The Legal Office summarizes the Ethical Corporate Management Best Practice Principles and important rules for handling internal material information, and promotes matters that employees need to pay attention to when performing their duties through case study. 3. Communication channel: Employees can express their opinions through multiple channels to management and the Human Resources Department. The ethical corporate management policy and implementation status is announced on the company website, annual report, and during investor conferences. 4. Periodic audits: The Company established the "Code of Ethical Conduct for Employees" and incorporated ethical corporate	

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			management into employee performance evaluations and the human resources policy. We have also established clear and effective systems for rewards and punishment. There were no corruption cases and anti-competitive behavior in 2023. 5. Whistleblowing system and whistleblower protection: We established the whistleblower system in the "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," and "Procedures for Ethical Corporate Management and Code of Conduct," actively preventing dishonest conduct, encouraging internal and external personnel to report dishonest or improper conduct. The Internal Audit Office was assigned to handle reports of dishonest conduct, and establish the whistleblowing system. The identity of whistleblowers and contents of reports are kept confidential. A total of 1 complaint was received in 2023, and will be properly handled by related units after careful investigation.	
(III) Has the company established policies to prevent conflict	V		The Company established the "Code of Ethical Conduct for	No deviation from the Ethical

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?			Directors" and "Code of Ethical Conduct for Employees." When employees are performing their duties, they shall avoid any conflict of interest in cases in which they or their family member is an interested party. Violators will be punished according to the severity of their violation. Refer to section 3 "Operation of whistleblowing system" for grievance channels.	Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and designated its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a CPA to conduct the audit?	V		The Company has established a suitable accounting system according to the Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Public Companies, Company Act, and Securities and Exchange Act, as well as management needs. The Company also complies with the Regulations Governing Establishment of Internal Control Systems by Public Companies. The Internal Audit Office periodically conducts internal audits and implements the supervision mechanism. Deficiencies found in the internal control system during internal audits and improvements of abnormalities are important items in department performance evaluations.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
(V) Does the company regularly hold internal and external educational trainings on ethical corporate management?	V		The Company shall periodically organize training and awareness programs for directors, managerial officers, employees, mandataries and substantial controllers, and invite commercial transaction counterparties, so that they understand the Company's resolve to implement ethical corporate management, related policies, prevention programs, and the consequences of engaging in unethical conduct.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
III. Operation of whistleblowing system: (I) Has the company established a concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	 V		In the event of misconduct, such as fraud, waste, or misuse of company resources and violation of company rules by an employee, other employees may file a complaint directly to the Internal Audit Office through the hotline or e-mail by providing their names and evidence. The emails are also sent to the convener of the Audit Committee at the same time to establish smooth grievance channels and impartial handling mechanisms. Please refer to the Company's website for information on grievance channels under "Corporate Governance" : Internal audit organization and implementation status 6. Whistleblowing system. Furthermore, violators of the	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			Code of Ethics for Employees or regulations for ethical corporate management will be punished based on the severity of the violation, and will be brought to justice if the violation involves criminal liability.	
(II) Does the Company have standard operating procedures for investigating whistleblowing cases and related confidentiality mechanisms?	V		All complaints processed by the Company are treated as confidential. The procedures for handling whistleblower cases are as follows: 1. Responsible personnel at the Internal Audit Office fill out the "Internal Audit Office Whistleblower Case Record Form" after receiving a report. 2. After careful investigation by the Internal Audit Office, the case will be properly handled by related units and then submitted to the supervisor for review. 3. Related units are required to designate a case officer or form an investigation team to conduct an investigation. Results are submitted to the department supervisor for review, and further submitted to the Internal Audit Office for review. 4. The Internal Audit Office periodically reports the number of cases to the Board of Directors.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
			5.If investigation results of whistleblower cases involves a director or senior manager, it shall be reported to independent directors. 6.Dedicated personnel record all data of whistleblower cases from when the case is accepted, opened, investigated, and reported, including original data, documents, audio recordings, and other forms of data. All data of whistleblowing cases are kept confidential and filed for future reference. 7.When handling a whistleblowing or grievance case, the identity of the whistleblower and stakeholders must be protected, and prevent whistleblowing from damaging the interests of whistleblowers and stakeholders. However, this does not include whistleblowing for the purpose of defamation, forgery, or framing others.	
(III) Does the company provide proper whistleblower protection?	V		The Company explicitly states in Article 7 of the Whistleblowing Procedures that whistleblowers will not be punished for whistleblowing.	No deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Enhancing information	V		The Company has disclosed	No deviation from

Evaluation item	Operating status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons for deviation
	Yes	No	Summary	
disclosure Does the Company disclose the contents and implementation results of its Ethical Corporate Management Best Practice Principles on its website and MOPS?			information related to ethical corporate management, including the "Code of Ethical Conduct," "Ethical Corporate Management Best Practice Principles," and "Ethical Corporate Management Operating Procedures and Code of Conduct" in the "Corporate Governance" section on the company website and the Market Observation Post System. The Administration Group are responsible for enhancing ethical corporate management. Auditors responsible for supervision and implementation as well as reporting the results to the Board of Directors at least once each year.	the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
V. If the Company has established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," describe any discrepancy between the principles and their implementation: The Company established "Ethical Corporate Management Best Practice Principles and "Ethical Corporate Management Operating Procedures and Code of Conduct." There are no discrepancies with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.				
VI. Other key information useful for explaining the Company's implementation of ethical corporate management: 1. The Company established the "Code of Ethical Conduct for Directors" and "Code of Ethical Conduct for Employees," clearly setting forth the Company's codes of conduct for integrity and ethics to improve corporate governance. 2. The Company irregularly reviews, revises, or establishes regulations related to ethical corporate management, in order to meet actual needs of operations.				

(VIII) If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information

1.Corporate governance principles and related guidelines:

(1) Pursuant to the regulations established by the FSC, we established A. Internal Control System; B. Procedures for the Acquisition or Disposal of Assets; C. Procedures for Endorsement and Guarantee; D.Procedures for Lending Funds to Others; E. Regulations Governing Procedures for Board of Directors Meetings (for matters the chairperson and management is authorized by the Board of Directors to handle, the Company established the Delegation of Authorities to the Board of Directors and Management and the Delegation of Authorities and Duties for Board of Directors, Chairman and President Authority Table); F. Compensation Committee Charter; G. Audit Committee Charter.

(2) Pursuant to related regulations and templates of Taiwan Stock Exchange Corporation, we established: A. Rules of Procedure for Shareholders' Meetings; B. Code of Ethical Conduct for Directors; C. Code of Ethical Conduct for Employees; D. Regulations Governing the Election of Directors; E. Ethical Corporate Management Best Practice Principles; F. Management Guidelines for Related Party Transactions; G. Stock Trading Halt and Resumption Application Procedure; H. Corporate Governance Best Practice Principles; I. Procedures for Ethical Corporate Management and Code of Conduct; J. Sustainable Development Best Practice Principles; K. Regulations Governing the Evaluation of Board Performance; L. Procedures for Handling Internal Material Information; M. Guidelines for Appointment of Spokesman and Deputy Spokesman.

2.Query Method

(1) Download from the Market Observation Post System

(http://mops.twse.com.tw/)
in "Establishment of related corporate governance regulations and rules" under "Corporate Governance."

(2) Access information on the Company's corporate website (http://www.ecotek.com.tw).
"Corporate Governance Regulations" under "Corporate Governance."

(IX) Disclose other material information that will benefit understanding of the Company's corporate governance status

1.Directors' continuing education 2023.01.01~2023.12.31

Title	Name	Date of appointment	Date of continuing education		Organizer	Course Name	Number of course hours
			Start	End			
Representative of institutional director	Cheng-Chiang Chen	2022/07/13	2023/10/20	2023/10/20	SFI	2023 Seminar on Prevention of Insider Trading	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3
Representative of institutional director	Chao-Tung Wong	2016/01/15	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3
Representative of institutional director	Shyi-Chin Wang	2019/09/30	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/11/27	2023/11/27	Taiwan Investor	Cross-Domain Management	3

Title	Name	Date of appointment	Date of continuing education		Organizer	Course Name	Number of course hours
			Start	End			
					Relations Institute	Practices for Net-Zero Carbon Emissions	
Representative of institutional director	Chih-Feng Lee	2020/10/31	2023/05/22	2023/05/22	Taiwan Stock Exchange and Taipei Exchange	Seminar on the Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies	3
			2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3
			2023/11/29	2023/11/29	Taiwan Stock Exchange and Taipei Exchange	Carbon Market's New Chapter for Sustainable Future Summit	3
Representative of institutional director	Chen Yang	2021/05/31	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3
Representative of institutional director	Yu-Lun Kuo	2009/05/12	2023/08/07	2023/08/07	Taiwan Project Management Association	Enterprise Reform Management and Transformation	3

Title	Name	Date of appointment	Date of continuing education		Organizer	Course Name	Number of course hours
			Start	End			
			2023/10/11	2023/10/11	Greater China Financial and Economic Development Association	Corporate Talent Competition: Discussion of Key Issues of Employee Reward Strategies	3
Representative of institutional director	Hsiu-Mei Liu	2022/02/01	2023/06/06	2023/06/06	SFI	Understanding and Using Credit Rating	3
			2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Development and Risk Management of Digital Technologies and Artificial Intelligence	3
			2023/11/10	2023/11/10	Taiwan Corporate Governance Association	Global and Taiwan Tax Reform and Corporate Tax Governance from the Perspective of ESG Trends and Epidemic Environment	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3
Representative of institutional director	Po-Nien Lin	2005/06/28	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3

Title	Name	Date of appointment	Date of continuing education		Organizer	Course Name	Number of course hours
			Start	End			
Independent Director	Po-Han Wang	2017/06/22	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/09/08	2023/09/08	Taiwan Corporate Governance Association	Legacy Project Launched - Employee Reward Plan and Equity Inheritance	3
Independent Director	Chia-Jung Chen	2017/06/22	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3
Independent Director	Tai-Kuang Peng	2020/06/23	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	3
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	3

2.Continuing education of the Corporate Governance Officer

2023.01.01~2023.12.31

Organizer	Course Name	Date of continuing education	Number of course hours
Taiwan Stock Exchange and Taipei Exchange	Seminar on the Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies	2023/05/22	3
Taiwan Corporate Governance Association	Commercial Litigation and Dispute Resolution in Practice	2023/06/02	3
Taiwan Investor Relations Institute	Insights into Corporate Fraud Risks and Preventive Countermeasures with Actual Case Studies	2023/08/11	3
Taiwan Investor Relations Institute	Cross-Domain Management Practices for Net-Zero Carbon Emissions	2023/11/27	3

3.Domestic certifications obtained by financial, auditing, and IT personnel of the Company:

1 international certified internal auditor and 2 lead auditors that received training for ISO 27001 Information Security Management Systems.

(X) The following items relating to the implementation status of the internal control system shall be disclosed:

1.Statement on Internal Control:

China Ecotek Corporation
Statement of Internal Control

Date: February 27, 2024

In 2023, the Company conducted an internal audit of its internal control system and hereby declares the following:

I. The Company acknowledges and understands that the establishment, enforcement and maintenance of the internal control system are the responsibility of the Board of Directors and management, and that the Company has already established such a system. aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of reporting, and compliance with applicable laws and regulations.

II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.

IV. The Company has adopted the aforementioned measures for an examination of the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2023 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.

VI. This Statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This statement was passed by the Board of Directors on February 27, 2024, with none of the 11 attending Directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

China Ecotek Corporation

Chairperson: 簽章

President: 簽章

2.If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

(XI) Penalty imposed on the Company and its personnel, punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvements in the past year and up to the date of report: None.

(XII) Important resolutions of shareholders meeting and board meeting in the most recent year and up to the date of publication of the annual report

1.Major resolutions of the shareholders' meeting and implementation status

(1) Voted and acknowledged the 2022 business report and financial statements.

(2) Voted and acknowledged the 2022 earnings distribution proposal.
Implementation status: July 25, 2023 was set as the record date, and all dividends were distributed on August 16, 2023. (Cash dividend of NT$3 per share.)

(3) Election of 11 members of 11th-term Directors (including 3 Independent Directors). The list of elected Directors was announced on the Market Observation Post System on the day of the shareholders' meeting.
The elected Directors were as follows:

Representative of China Steel Corporation	Cheng-Chiang Chen
Representative of China Steel Corporation	Chao-Tung Wong
Representative of China Steel Corporation	Shyi-Chin Wang
Representative of China Steel Corporation	Chih-Feng Lee
Representative of China Steel Corporation	Chen Yang
Representative of Hua Eng Wire & Cable Co., Ltd.	Hsiu-Mei Liu
Representative of Great Grandeul Steel Co., Ltd.	Yu-Lun Kuo

Representative of Bai-Chien Investment Co., Ltd.	Po-Nien Lin
Independent Director	Chia-Jung Chen
Independent Director	Po-Han Wang
Independent Director	Tai-Kuang Peng

(4) Voted and discussed the release the removal of the non-compete clause for new non-independent Director. The proposal was passed according to the plan and has been implemented.

2.Important resolutions of board meetings

(1) Important resolutions in the 21st meeting of the 10th-term Board of Directors (2023.02.21)

A. Passed the 2022 Business Report and financial statements.

B. Report on the amount and distribution method of the 2022 employee bonuses and remuneration to directors and supervisors.

C. Submission of the 2022 earnings distribution proposal.

D. Submission of the 2022 Statement of Internal Control System.

E. Passed the proposal for the change of the accountants from Yu-Hsiang Liu and Chao-Chun Wang to Li-Yuan Kuo and Chao-Chun Wang.

F. Passed the proposal for the audit fee negotiated with Deloitte Taiwan for 2023 to 2027.

G. Passed the proposal for the election of the 11th-term Directors (including Independent Directors).

H. Passed the proposal for the removal of the non-compete clause for the 11th-term non-independent Directors.

I. Passed the proposal to convene the 2024 Shareholder's Meeting (physical) at Kaohsiung Business Convention Center (No. 5, Zhongshan 2nd Rd., Qianzhen District, Kaohsiung City) at 9:00

A.M. on June 21, 2023 (Wednesday).

(2) Important resolutions in the 22nd meeting of the 10th-term Board of Directors (2023.05.03)

A. Passed the draft of the Consolidated Financial Statements and Independent Auditors' Review Report for the first quarter of 2023.

B. Passed the proposal for the donation to CSC Group Education Foundation.

C. Passed the review of the nomination of the members of 11th-term Independent Directors and the nomination of non-independent Directors.

D. Passed performance evaluation and review results for the President and Vice Presidents for 2022.

E. Passed the proposed performance bonus for the Chairperson, President, and Vice Presidents.

F. Passed the proposed amendment to the Company's Employee Stock Ownership Trust Committee Charter.

(3) Important resolutions in the 1st meeting of the 11th-term Board of Directors (2023.06.21)

A. Election of Mr. Chen-Chiang Chen as the Company's Chairperson.

B. Approved the appointment of the Independent Directors Mr. Chia-Jung Chen, Mr. Po-Han Wang, and Mr. Tai-Kuang Peng as members of the Company's 11th Compensation Committee.

(4) Important resolutions in the 2nd meeting of the 11th-term Board of Directors (2023.08.02)

A. Passed the draft of the Consolidated Financial Statements and Independent Auditors' Review Report for the second quarter of 2023.

B. Passed the items for the business management performance evaluation of the President and Vice Presidents in 2023.

C. Passed the proposed remuneration distribution for the Chairperson, President and Vice Presidents.

(5) Important resolutions in the 3th meeting of the 11th-term Board of Directors (2023.11.01)

A. Passed the draft of the Consolidated Financial Statements and Independent Auditors' Review Report for the third quarter of 2023.

B. Passed the salary adjustment for employees under vice presidents (excluding vice presidents).

(6) Important resolutions in the 4th meeting of the 11th-term Board of Directors (2023.12.27)

A. Passed the 2024 budget.

B. Passed the 2024 audit plan.

C. Passed the salary adjustment of the Chairperson, President, Vice President of Administration Group, and Vice President of Engineering Group.

(7) Important resolutions in the 5th meeting of the 11th-term Board of Directors (2024.02.27)

A. Passed the 2023 Business Report and financial statements.

B. Report on the amount and distribution method of the 2023 employee bonuses and remuneration to directors and supervisors.

C. Submission of the 2023 earnings distribution proposal.

D. Submission of the 2023 Statement of Internal Control System.

E. Passed the proposal to convene the 2024 Shareholder's Meeting at Kaohsiung Business Convention Center (No. 5, Zhongshan 2nd Rd., Qianzhen District, Kaohsiung City) at 9:00 A.M. on June 25, 2024 (Tuesday).

F. Passed the renewal of the lease of the "First Administrative

Building and facilities originally belonging to CSSC" of China Steel.

(XIII) Main content of recorded or written opinions from Directors or Independent Directors had dissenting opinions on passed important resolutions by the Board of Directors in the most recent year and up to the date of publication of the annual report: None.

(XIV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

Summary table of the resignation and dismissal of persons relevant to the Company

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
-	-	-	-	-

V. Information on Fees to Certifying CPA

(I) Information on Fees to CPA

Unit: NT$ thousand

Name of the accounting firm	Name of CPA	Audit period	Audit fee	Non-audit fee (Note)	Total	Notes
Deloitte Taiwan	Li-Yuan Kuo Chao-Chun Wang	2023.01 ~2023.12	4,000	745	4,745	None

Note: Services of non-audit fees: NT$625 thousand for tax services and NT$120 thousand for business registration services.

(II) If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amount and percentage of decrease in audit fees and the causes shall be disclosed: N/A.

(III) If the audit fees decreased more than 10% from that of the prior year, the amount, percentage, and reasons for the decrease in audit fees shall be disclosed: N/A.

VI. Information on Change of CPA

(I) Information on the previous CPA

<table>
<tr><td>Date of change</td><td colspan="3">Approved by the Board of Directors on February 21, 2023</td></tr>
<tr><td>Reason for change and explanation</td><td colspan="3">Due to the internal rotations at the accounting firm, the Company's financial statements, previously certified by the CPAs Yu-Hsiang Liu and Chao-Chun Wang, are certified by the CPAs Li-Yuan Kuo and Chao-Chun Wang starting from the first quarter of 2023.</td></tr>
<tr><td rowspan="3">State whether the Appointment is Terminated or Rejected by the Appointer or CPAs</td><td>The Parties
Status</td><td>CPA</td><td>Appointer</td></tr>
<tr><td>Termination initiated by client</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td>Appointment rejected (discontinued)</td></tr>
<tr><td>Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two years</td><td colspan="3">None</td></tr>
<tr><td rowspan="6">Different opinions from the issuer</td><td rowspan="4">Yes</td><td>-</td><td>Accounting principles or practices</td></tr>
<tr><td>-</td><td>Disclosure of financial statements</td></tr>
<tr><td>-</td><td>Audit scope or procedures</td></tr>
<tr><td>-</td><td>Others</td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td>Description</td><td colspan="2">N/A</td></tr>
<tr><td>Other items for disclosure (items in Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)</td><td colspan="3">None</td></tr>
</table>

(II) Regarding succeeding CPA

Accounting firm name	Deloitte Taiwan
Name of CPA	Li-Yuan Kuo, CPA and Chao-Chun Wang, CPA
Date of appointment	Approved by the Board of Directors on February 21, 2023
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	N/A
The succeeding CPA's opinions in written form in response to the former CPA's opinions	N/A

(III) Previous CPAs' response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Regulations: N/A.

VII. Did the Company's chairperson, president, financial or accounting manager serve in the certifying CPA firm or its affiliates in the most recent year: None.

VIII. Share transfer by directors, managerial officers, and shareholders holding more than 10% shares, and changes to share pledging

(I) Changes in shareholding of directors, managerial officers, and major shareholders

Unit: Shares

Title	Name	2023		The current year up to March 31, 2024	
		Number of shares held added (subtracted)	Number of pledged shares added (subtracted)	Number of shares held added (subtracted)	Number of pledged shares added (subtracted)
Director/Major shareholder	China Steel Corporation	0	0	0	0
Director	Hua Eng Wire & Cable Co., Ltd.	0	0	0	0
Director	Great Grandeul Steel Co., Ltd.	0	0	0	0
Director	Bai-Chien Investment Co., Ltd.	0	0	0	0
Independent Director	Chia-Jung Chen	0	0	0	0
Independent Director	Po-Han Wang	0	0	0	0
Independent Director	Tai-Kuang Peng	0	0	0	0
Director and President	Chih-Feng Lee	0	0	0	0
Vice President	Chien-Chih Chen	0	0	0	0
Vice President	Li-Ming Hu	0	0	0	0
Accounting Officer	Ya-Min Chuang	0	0	0	0

(II) If there was share transfer to related parties, disclose information on the counterparty: None.

(III) If there was pledge transfer to related parties, disclose information on the counterparty: None.

IX. Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

December 31, 2023 Unit: shares; %

Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or Name)	Relationship	
China Steel Corporation	55,393,138	44.76	N/A	N/A	0	0	CSC Solar Corporation	Parent and subsidiary company	None
Representative of China Steel Corporation Chao-Tung Wong	0	0	0	0	0	0	None	None	None
Hua Eng Wire & Cable Co., Ltd.	11,843,730	9.57	N/A	N/A	0	0	None	None	None
Representative of Hua Eng Wire & Cable Co., Ltd. Hung-Jen Wang	0	0	0	0	0	0	None	None	None
Dedicated account under the custody of Mega International Commercial Bank – China Ecotek Corporation	6,927,156	5.59	N/A	N/A	0	0	None	None	None
Great Grandeul Steel Co., Ltd.	3,964,000	3.20	N/A	N/A	0	0	C. Hao Corporation	Affiliate	None
Representative of Great Grandeul Steel Co., Ltd. Yung-Cheng Kuo	0	0	0	0	0	0	None	None	None
Chin Ho Fa Steel & Iron Co., Ltd.	3,610,475	2.92	N/A	N/A	0	0	None	None	None
Representative of Chin Ho Fa Steel & Iron Co., Ltd. Hong-Zhi Chen	0	0	0	0	0	0	None	None	None
Bai-Chien Investment Co., Ltd.	3,005,000	2.43	N/A	N/A	0	0	None	None	None

Representative of Bai-Chien Investment Co., Ltd. Chung-Tien Lin	0	0	0	0	0	0	None	None	None
Chun Yuan Steel Industry Co., Ltd.	2,990,772	2.42	N/A	N/A	0	0	None	None	None
Representative of Chun Yuan Steel Industry Co., Ltd Yi-Ming Zheng	0	0	0	0	0	0	None	None	None
Taiwan Sugar Corporation	2,888,844	2.33	N/A	N/A	0	0	None	None	None
Representative of Taiwan Sugar Corporation Ming-Zhou Yang	0	0	0	0	0	0	None	None	None
C. Hao Corporation	1,588,000	1.28	N/A	N/A	0	0	Great Grandeul Steel Co., Ltd.	Affiliate	None
Representative of C. Hao Corporation Chen-Kui Yen	0	0	0	0	0	0	None	None	None
CSC Solar Corporation	725,000	0.59	N/A	N/A	0	0	China Steel Corporation	Parent and subsidiary company	None
Representative of CSC Solar Corporation Chih-Feng Lee	0	0	0	0	0	0	None	None	None

X. Total shareholding percentage of investee business

December 31, 2023 Unit: shares; %

Investee business (Note)	Investment by the Company		Investments from directors, managerial officers and their directly or indirectly controlled enterprises		Comprehensive investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
Chiun Yu Investment Corporation	1,196,000	40.00	-	-	1,196,000	40.00
Jing-Cherng-Fa Investment Corporation	805,000	35.00	-	-	805,000	35.00
Chi-Yi Investment Corporation	800,000	40.00	-	-	800,000	40.00
Hung-chuan Investment Corporation	600,000	30.00	-	-	600,000	30.00
Eminent III Venture Capital Corporation	10,000,000	5.52	-	-	5,000,000	5.52
CEC International Co.	10,000,000	100	-	-	10,000,000	100
CEC Development Co.	17,000,000	100	-	-	17,000,000	100
China Ecotek VN Co.	0	0	-	100	0	100
China Steel Machinery Corporation	35,204,170	26.02	100,066,400	73.97	135,270,570	99.99
Xiamen Mao Yu Import and Export Trading Ltd.	0	0	-	100	0	100
China Ecotek India Private Limited	5,000	0.10	4,995,000	99.90	5,000,000	100
CSC Solar Corporation	34,880,000	20.00	95,920,000	55.00	130,800,000	75.00
Pro-Ascentek Investment Corporation	6,000,000	5.00	-	-	6,000,000	5.00

Note: The Company's investments recognized under the equity method (as of December 31, 2023).

Chapter 4. Capital overview

I. Capital and shares

(I) Sources of capital Unit: Thousand NTD; thousand shares

Year/Month	Issuing Price (NT$)	Authorized capital		Paid-in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of capital	Subscriptions paid with property other than cash	Others
1993.03	10	100,000	1,000,000	54,500	545,000	Establishment capital	None	Gao-Shih-Jian-Er-Zih No. 84252401
1997.12	10	100,000	1,000,000	57,770	577,700	Capitalization of profits	None	(1997) Tai-Cai-Zheng (I) No. 80337
1998.07	10	100,000	1,000,000	63,767	637,670	Capitalization of profits	None	(1998) Tai-Cai-Zheng (I) No. 59391
1999.03	10	100,000	1,000,000	69,767	697,670	Cash capital increase	None	(1998) Tai-Cai-Zheng (I) No. 94332
1999.08	10	100,000	1,000,000	76,963	769,630	Capitalization of profits	None	(1999) Tai-Cai-Zheng (I) No. 62345
2000.08	10	130,000	1,300,000	81,172	811,720	Capitalization of profits	None	(2000) Tai-Cai-Zheng (I) No. 60252
2001.08	10	130,000	1,300,000	85,537	855,370	Capitalization of profits	None	(2001) Tai-Cai-Zheng (I) No. 154955
2002.08	10	130,000	1,300,000	88,268	882,680	Capitalization of profits	None	Tai-Cai-Zheng-Yi-Zi No. 0910138810
2004.07	10	130,000	1,300,000	90,147	901,474	Capitalization of profits	None	Jin-Guan-Zheng-Yi-Zi No. 0930132625
2008.03	10	130,000	1,300,000	113,047	1,130,474	Share swap Capital increase	None	Jin-Guan-Zheng-Yi-Zi No. 0970009449
2012.12	10	130,000	1,300,000	115,733	1,157,338	Shares converted from convertible corporate bonds	None	Jing-Shou-Shang-Zi No. 10101250660
2013.03	10	130,000	1,300,000	118,576	1,185,762	Shares converted from convertible corporate bonds	None	Jing-Shou-Shang-Zi No. 10201054610
2013.05	10	130,000	1,300,000	121,799	1,217,988	Shares converted from convertible corporate bonds	None	Jing-Shou-Shang-Zi No. 10201098230
2013.11	10	130,000	1,300,000	123,743	1,237,426	Shares converted from convertible corporate bonds	None	Jing-Shou-Shang-Zi No. 10201235080

Unit: Shares

Type of Shares	Authorized capital			Remarks
	Outstanding shares (Listed stocks)	Unissued shares	Total	
Registered ordinary shares	123,742,552	6,257,448	130,000,000	-

(II) Shareholder structure

December 31, 2023

Shareholder structure / Quantity	Government agencies	Financial institutions	Other institutions	Individual investors	Foreign institutions and foreigners	Total
Number of people	-	-	55	9,068	45	9,168
Number of shares held	-	-	94,632,495	26,805,170	2,304,887	123,742,552
Shareholding ratio (%)	-	-	76.48	21.66	1.86	100.00

(III) Shareholding distribution

1. Ordinary shares

December 31, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	4,103	227,917	0.18
1,000 to 5,000	4,066	7,840,570	6.34
5,001 to 10,000	493	3,909,143	3.16
10,001 to 15,000	162	2,079,076	1.68
15,001 to 20,000	90	1,653,602	1.33
20,001 to 30,000	88	2,210,730	1.79
30,001 to 40,000	47	1,665,854	1.34

40,001 to 50,000	25	1,136,006	0.92
50,001 to 100,000	48	3,328,501	2.69
100,001 to 200,000	19	2,416,308	1.95
200,001 to 400,000	13	3,413,931	2.76
400,001 to 600,000	4	1,952,000	1.58
600,001 to 800,000	1	725,000	0.59
800,001 to 1,000,000	0	0	0.00
1,000,000 or more	9	91,183,914	73.69
Total	9,168	123,742,552	100.00

2. Preferred shares: None.

(IV) List of major shareholders December 31, 2023

Shares / Name of major shareholder	Number of shares held	Shareholding ratio (%)
China Steel Corporation	55,393,138	44.76
Hua Eng Wire and Cable Co., Ltd.	11,843,730	9.57
Dedicated account under the custody of Mega International Commercial Bank – China Ecotek Corporation	6,927,156	5.59
Great Grandeul Steel Co., Ltd.	3,964,000	3.20
CHF Steel Co., Ltd.	3,610,475	2.92
Bi-Jen Investment Co., Ltd.	3,005,000	2.43
Chun Yuan Steel Industry Co., Ltd.	2,990,772	2.42
Taiwan Sugar Corporation	2,888,844	2.33
C. Hao Corporation	1,588,000	1.28
CSC Solar Corporation	725,000	0.59

(V) Stock price, net worth, earnings, dividends and related information for the past two years

Unit: NTD; thousand shares

Item		Year	2022	2023	The current year up to March 31, 2024
Stock price		Highest	47.80	64.80	77.20
		Lowest	38.80	42.60	55.00
		Average	42.07	52.62	63.48
Net value per share		Before distribution	28.37	29.59	N/A
		After distribution	25.37	26.29	N/A
Earnings per share		Weighted average shares	123,743	123,743	123,743
		Earnings per share	4.21	4.50	N/A
Dividends per share		Cash dividends	3.00	3.30	N/A
	Stock dividends	Stock dividend from retained earnings	0	0	N/A
		Stock dividend from capital surplus	0	0	N/A
		Cumulative undistributed dividends	0	0	N/A
Return on investment analysis		Price-earnings ratio	9.99	11.69	N/A
		Price-dividend ratio	14.02	15.95	N/A
		Cash dividend yield (%)	7.13	6.27	N/A

Price to earnings ratio = average closing price per share for the year / earnings per share.
Price to dividend ratio = average closing price per share for the year / cash dividends.
Cash dividend yield = cash dividends per share / average closing price per share for the year.

(VI) Dividend policy and implementation status

1. Dividend policy

The Company's dividend policy is as follows:

The Company is in a high-tech engineering market with stable growth and also develops diverse strategies at the same time. The Company also expands the business operating foundation in the development of investment plans, including environmental protection and energy etc. During the establishment of the proposal for distribution of earnings by the board of directors, it is necessary to consider the stability of dividends. Except when there is need for capital, the earnings distributed each year shall account for more than 50% of the distributable earnings, and where the shareholders' cash bonus shall not be less than 10% of the shareholders' bonus.

2. Dividend distribution to be proposed to the shareholders' meeting

The Board of Directors proposed the 2023 earnings distribution as follows:

Unit: NTD

Summary	Amount
Undistributed earnings at the beginning of 2023	$ 547,786,714
Net profit of 2023	556,891,941
Investment adjusted retained earnings under equity method	3,815,752
Remeasurements of the net defined benefit recognized in retained earnings	(9,685,925)
Adjusted undistributed earnings	$ 1,098,808,482
Legal reserve	(55,102,177)
Appropriation of special reserve	(29,603,812)
Distributable earnings	$ 1,014,102,493
Items for distribution:	
Shareholders cash bonus (NT$ 3.3 per share)	(480,350,422)
Undistributed earnings as of the end of 2023	$605,752,071

Note: When calculating taxes on undistributed earnings of profit-seeking enterprises according to Article 66-9 of the Income Tax Act, earnings of the most recent year shall be distributed first.

(VII) Effect of the proposed stock dividends (to be adopted by the shareholders' meeting) on the Company's business performance and earnings per share:

N/A.

(VIII) Employee bonuses and directors' remuneration

1. Percentages or ranges of employee bonuses and directors' remuneration under the Articles of Incorporation

   Pursuant to Article 32 of the Articles of Incorporation: "If the Company has profit for the year, the Board of Directors shall resolve to allocate no less than 0.1% as employee bonuses and no more than 1% as directors' remuneration. The recipients of employee bonuses include employees of affiliates meeting certain criteria. A sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company before employee bonuses and directors' remuneration can be allocated according to the above percentage.

2. Basis for estimating the amount of employee bonuses and directors' remuneration, basis for calculating the number of shares to be distributed as employee bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

   Of the Company's pre-tax profit before distribution of employee bonuses and directors' remuneration, the Company allocates

3.3856% and 0.6771% as employee bonuses and directors' remuneration, respectively. If there are changes made to the amount before the issuance of financial statements, the changes shall be adjusted and accounted for as annual expenses. If there are changes made to the amount after the issuance of financial statements, the changes shall be accounted for as changes in accounting estimates and recognized in the financial statements of the following year.

3. Distribution of remuneration passed by the Board of Directors
   (1) Amount of employee bonuses, stock compensation, and directors' remuneration distributed
   The Board of Directors passed the distribution of NT$4.722 million in directors' remuneration and NT$23.609 million in employee bonuses in cash.
   (2) The amount of employee stock compensation distributed as a percentage of net profit after tax on the financial statements and total amount of employee bonuses: None.
   (3) Employee bonuses and directors' remuneration are recognized as operating costs or expenses, and after-tax EPS is NT$4.50.
4. Actual distribution of employee bonuses and directors' remuneration in the previous year (including dividend shares, amount and stock price), discrepancies, if any, from the amount of employee bonuses and directors' remuneration previously recognized, and the reasons and handling of discrepancies:

   In 2022, NT$5.226 million in directors' remuneration and NT$26.129 million in employee bonuses to a total of NT$31.355

million was actually distributed in cash. There was no deviation from the amount originally approved by the Board of Directors for distribution.

(IX) Status of company share buyback: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred stocks: None.

IV. Issuance of global depositary receipts (GDR): None.

V. Exercise of employee stock option plan (ESOP): None.

VI. Issuance of restricted stock awards: None.

VII. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

VIII. Implementation status of the capital utilization plan: The Company has completed all securities issuance or offering or has completed the plan within the most recent three years but has not seen significant benefits.

E. Business overview

I. Business activities

(I) Business scope

1. Major business activities
   (1) Environmental protection projects (water treatment and recycling, air pollution prevention, waste recycling and treatment, incinerator construction).
   (2) Replacement and upgrade of electromechanical equipment, repair work, and annual maintenance management.
   (3) Laboratory, biopharmaceuticals, and pharmaceutical plant turnkey projects.
   (4) Co-generation plant and power plant construction turnkey projects.
   (5) Solar power system projects.
   (6) Sales agent services.
2. Revenue breakdown

Unit: NT$ thousand

Year / Business Item	2022	2023	
	Operating revenue	Operating revenue	Revenue breakdown
Environmental protection projects	1,383,755	1,702,314	17.44%
Electrical and mechanical engineering projects	4,267,729	4,908,424	50.29%
Recycling plant operation and electrical/mechanical maintenance services	3,058,725	2,967,471	30.41%
Other (Note)	133,844	181,117	1.86%
Total	8,844,053	9,759,326	100%
Note: Includes chemical agent, and construction material, and other sales services.			

3. Current products and services:

The Company's main scope of business includes: (1) Environmental protection projects, (2) electrical and mechanical engineering projects, (3) biopharmaceutical factory construction projects, (4) power plant turnkey projects and repair, (5) recycling plant turnkey projects, (6) solar power plant turnkey projects, (7) fire-resistant material turnkey projects, and (8) operation services. The Company also provides complete technical services, such as feasibility research, planning and design, manufacturing, installation, repair, sales, and after-sale services, for the projects above.

4. New products (services) that will be developed: Expand products available for sale, such as activated carbon air purifiers, corrosion/wear-resistant materials, and LED applications.

(II) Industry Overview

The Company is a general construction company that provides services ranging from environmental protection projects, electrical and mechanical engineering projects, refractory materials, and biotech plant construction, and vertically extend from feasibilities studies, planning and design, equipment procurement and manufacturing, construction and commissioning, to operation and maintenance services for customers.

The general construction industry is between the construction industry, consulting industry, equipment manufacturing industry, software planning and design industry, and related service industries. It forms a comprehensive service value chain with upstream and downstream companies based on customer needs, and planned systematic operating procedures based on the structure of associated industries, providing related engineering technologies and turnkey services, and effectively lowering the risk of outsourcing and construction for customers, while meeting customers' requirements on maintaining quality and risk management.

1. The relationship between upstream, midstream and downstream

companies in the industry:

The Company is in the project consulting service industry, upstream are clients that require plant construction and equipment installation. The Company is midstream and has a technology and planning team formed by a professional team with related technical service providers. Downstream are civil engineering, machinery, instrumentation, electrical, and pipeline contractors, forming a complete material and equipment supply, production, and installation and construction system.

2. Product trends and competition:

(1) Product trends

A. Environmental protection projects

Foreign and domestic governments have attached great importance to net zero emissions and environmental sustainability in recent years, which has supported the positive development of the environmental protection industry as a mainstream industry. The government has taken the lead in environmental conservation, and is actively promoting its green energy and circular economy policy, in hopes of driving investments. The Company monitors industry trends and business opportunities in solar power, energy storage, and water recycling to use them for the Company's business growth.

B. Electrical and mechanical engineering projects

Taiwan is a major base for technology and manufacturing and has a high density of large factories. Whether it may be the establishment of new factories, replacement of equipment production lines, or annual equipment maintenance, there is stable demand in the electrical and mechanical engineering market. The Company mainly focuses on the CSC Group's electrical and mechanical maintenance, periodic maintenance, annual maintenance, and overhaul of furnaces, which lay the foundation for the Company's stable operation.

(2) Competition

The Company makes timely adjustments to its operational strategy along with market changes under the existing industry structure, and actively engages in strategic alliances and joint contracting of engineering projects. Compared with domestic competitors, the Company has a good corporate image, highly experienced professionals, excellent construction technologies, and strict quality control, and has gained recognition and strong support from customers. It is necessary to show the Company's expertise and responsibility to increase business opportunities for winning contracts.

(III) Overview of Technology and R&D

1. Level of technology of business operations and R&D overview

R&D expenses totaled approximately NT$12,115 thousand in 2023. Besides developing proprietary technology in response to market trends, we are also working with the R&D department of China Steel in developing chemical agents for water treatment and energy conservation and environmental protection technologies, which have generated an abundance of research results. Primary research results are as follows:

(1) Research of wastewater treatment technology: With regard to R&D in wastewater treatment, we collaborated with the R&D department of China Steel in developing treatment processes for ammonia nitrogen discharge control and developed the fluidized bed biofilm wastewater biological treatment system process to reduce the ammonia nitrogen concentration in industrial wastewater. We have started commercial operations in the plant at the end of 2023 and the results have been good. We also collaborated with the R&D department of China Steel in developing a high-alkali cleaning agent that can be used to remove oil from the sand filter tank of the cold rolling

wastewater plant. The actual operations by China Steel and Dragon Steel after showed significant results and it effectively solves the problem of reduced filtration caused by the presence of high-viscosity rolling oil on the sand surface of the sand filter.

(2) Research of carbon reduction technology: In view of the global commitment to the goal of net-zero emissions by 2050, the Company worked with the R&D department of China Steel in the establishment of the first stack exhaust carbon dioxide capture pilot plant, which captures and purifies the carbon dioxide originally released into the atmosphere. The pilot production line has been designed and construction has begun. Trial operations are expected to begin at the end of 2024. It is expected to capture 500 tons of carbon dioxide per year with a purity above 99%. The carbon dioxide can be used for production processes in CSC plants and sold on the market as industrial gas.

(3) Air pollution prevention technologies: As air pollution prevention regulations become more rigorous, the Company has developed technology for removing SOx emissions from fixed pollution sources. In addition to the continuous development of wet desulfurization technologies, we will work with the R&D units of China Steel to develop the honeycomb wet scrubber, which significantly reduces SO3 emissions in the sinter plant. The existing panels of the composite honeycomb panel tower and the flue gas desulfurization system are designed for alternating operations. We will provide more diverse process design services in the future. In terms of treating NOx emissions from fixed pollution sources, we will develop and evaluate selective catalyst reduction denitrification systems for the new coke ovens of China Steel. We will also select the most suitable emission reduction solution and SCR ammonia injection system to create ammonia pyrolysis technologies for increasing the

viability of use in different settings.

2. Successfully developed technologies and products

Main customers of chemical agents successfully developed by the Company for water treatment include China Steel and Dragon Steel. Air pollution prevention technologies include dust removal, desulfurization, denitrification, and dioxin removal from flue gas, which can be extensively applied for air pollution prevention in power plants and steel mills.

(IV) Long-term and Short-term Business Development Plans

1. Short-term business development plans

(1) Business of the CSC Group: China Steel is the largest steel company in Taiwan, and it has massive demand on renewal and maintenance every year. The Company's short-term goal is to continue to obtain renewal, annual maintenance, periodic maintenance, and major overhaul projects within the group.

(2) Businesses in Vietnam's market: We are obtaining the waterworks projects, factory repair, and equipment renewal projects through a stable operations and technology team. We are also increasing sales, such as LED lighting equipment, explosion-proof lighting equipment, water purification equipment, and air purifiers.

(3) Environmental protection business: Improve air pollution prevention technologies and services. In coordination with the CSC Group's plan to develop the green energy industry, we are actively developing new technologies and expanding into new fields, such as solar power, energy storage, energy conservation, and alternative energy engineering projects.

(4) Biotech plant construction: The Company has constructed biotech plants in Taiwan and build a sound reputation for its technologies and track records. We will continue to work to obtain biotech plant construction projects.

2. Long-term business development plans

(1)Continue operation and maintenance work in existing plants to create stable long-term profits.

(2)Continue to expand sales in Vietnam's market.

(3)Utilize the existing foundation of the environmental protection business, assess different risks, and expand domestic environmental protection projects.

(4)Continue to monitor the biopharmaceuticals industry and actively participate in plant construction projects.

II. Market, production and sales

(I) Market analysis

The Company's projects are mainly from the CSC Group, public construction projects, and private construction projects in Taiwan. Vietnam is the Company's main overseas project.

1. Sales regions of main products (services)

Unit: NT$ thousand

Sales region	2022		2023	
	Sales amount	%	Sales amount	%
Taiwan	8,504,284	96.16%	9,560,364	97.96%
Vietnam	336,001	3.80%	198,884	2.04%
Others	3,768	0.04%	78	0.00%
Total	8,844,053	100.00%	9,759,326	100.00%

The Company's revenue is mainly generated in Taiwan's market, in which the CSC Group is the Company's main customer and generates stable revenue.

2. Market share and future market supply/demand and growth

(1) Market share

The Company is in the engineering service consulting industry, which covers an extensive range of engineering categories. Each company specializes in its own field and participates in tenders for different types of projects. There is no unified data available. Hence, comparison of market share with other companies in the industry does not have much meaning. The Company has ranked in the top ten in the engineering technology service industry in the "Top 5000, the largest corporations in Taiwan" in recent years, showing that the Company has secured a place in the engineering industry.

(2) Future market supply and demand and future growth

The CSC Group is the Company's main customer, and has added many new projects to install eco-friendly equipment and replace old equipment under the energy conservation and carbon reduction policy. The projects mainly aim to reduce energy consumption and pollution. The Company is actively working on obtaining related projects, and does not have any issues with short-term and mid-term business momentum.

With regard to the domestic engineering industry, we mainly focus on water treatment related public construction projects. However, due to the rising awareness of \sustainable development, energy conservation, and environmental protection, we expect to see gradual growth in the energy safety, green economy, and circular economy markets in the future, which will benefit our mid-term and long-term business strategy.

3. Competitive niche, favorable and adverse factors for long-term growth and response strategy

(1) Competitive niche

The Company has upheld quality, focused on innovation, and achieved solid project performance since its establishment, thanks to the strong management team, excellent engineering technologies, high quality professionals, and track records in construction, and has thus gained the recognition and trust of clients. In the future, we shall leverage our competitive advantages to develop niche markets, continue stable operations, and ensure profitability.

(2) Favorable factors

A. The rise of the domestic environmental protection awareness and the adoption of industrial transformation and sustainable development concepts are conducive to the expansion of environmental protection projects.

B. Has completed a wide range of environmental protection projects and has a wealth of project experience in Taiwan and overseas. The Company is well-known for its good credit and brand image in Taiwan.

C. Has numerous system integration technologies, such as: water treatment, desulfurization, denitrification, and biotech facility project validation and verification technologies.

(3) Unfavorable factors

A. Severe competition and the increase in construction labor and material costs in the domestic market contributed to rising operating costs year after year.

B. Due to aging and loss of employees by contractors and suppliers, the Company must prevent delays in construction completion.

(4) Response measures

A. Improve service quality and efficiency, and set reasonable prices for operation and maintenance contracts.

B. Improve the human resources management system and build an international talent cultivation system.

C. Continue to search for new contractors and raw materials and equipment suppliers.

(II) Major product manufacturing processes

1. Applications of main products

(1) Environmental protection projects: Includes water treatment, wastewater treatment, and water recycling projects, solid waste disposal, and air pollution prevention projects.

(2) Electrical and mechanical engineering projects: They include various transmission equipment for factories, mechanical equipment production and installation, electrical instrumentation and equipment installation projects, and co-generation plant and

power plant projects.

(3) Operations and maintenance services: They include incinerator, wastewater treatment, and water treatment plant operation and maintenance, and on-site electrical and mechanical repairs.

2. Production process

Market data collection→Feasibility analysis studies→Tender and price quotations→Contract signing→Construction plan and design→Procurement and manufacturing→Construction and commissioning→Completion acceptance inspection→Warranty and after-sale service.

(III) State of supply of chief raw materials

The supply of materials varies with each contract. Aside from the materials provided by the client, other materials are purchased from domestic and overseas equipment vendors as needed by the project. Electrical and mechanical materials and equipment mainly include pipelines, valves, power cables, meters, motors, control panels, filters, blowers, water pumps, and various other pumps.

(IV) Names of customers who contributed to more than 10% of total purchase (or sales) amount in one of the most recent two years and the corresponding purchase (or sales) amounts and percentages, as well as reasons for their changes (if applicable):

1. Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousand

Year	Name	Amount (NT$thousand)	As a percentage of total purchase (%)	Relationship with the issuer
2022	Others	8,031,190	100%	-
	Net purchase	8,031,190	100%	
2023	Others	8,786,581	100%	-
	Net purchase	8,786,581	100%	
2024 up to the previous quarter	Information at the end of the quarter before the publication date of the Annual Report is from 2023. Therefore, the information is the same as the information above.			

Note: The Company does not have any standard products, and procurements are mainly labor expenses and machinery and equipment input. Furthermore, depending on the contract, project periods may span multiple years.

The Company did not have any suppliers that accounted for 10% or more of the total procurement amount in the past two years. Changes in equipment suppliers and contractors in the past two years were mainly due to the materials, equipment, and construction technology required for projects in each year. The Company's procurement policy is to extensively work with contractors to reduce its dependency on any individual supplier. We evaluate previous projects and professional technology when working with contractors and suppliers, and also evaluate their capacity and current project load. Procurements are carried out through open price inquiry, comparison, and negotiation. Hence, we are able to spread the workload between different contractors and not concentrate the workload on a single contractor.

2. Information on major customers in the past two years

Unit: NT$ thousand

Year	Name	Amount (NT$thousand)	As a percentage of net sales (%)	Relationship with the issuer
2022	China Steel Corporation	5,836,308	65.99%	Parent company
	Dragon Steel Corporation	1,210,868	13.69%	Affiliate
	Others	1,796,877	20.32%	-
	Net sales	8,844,053	100%	
2023	China Steel Corporation	6,084,192	62.34%	Parent company
	Dragon Steel Corporation	1,321,037	13.54%	Affiliate
	Others	2,354,097	24.12%	-
	Net sales	9,759,326	100%	
2024 up to the previous quarter	Information at the end of the quarter before the publication date of the Annual Report is from 2023. Therefore, the information is the same as the information above.			

Note: The Company's sales is mainly from construction contracts, which may span multiple years.

The Company has achieved excellent performance and gained a good reputation for stably providing services to companies in the group, such as China Steel and Dragon Steel, which were the customers that accounted for 10% and above of total sales amount in 2022 and 2023. China Steel and Dragon Steel are table customers of the Company and account for approximately 80% of net sales each year.

(V) Output volume and value in the past two years

Unit: NT$ thousand

Year / Output Volume / Construction item	2022			2023		
	Production capacity	Production volume	Output value	Production capacity	Production volume	Output value
Environmental protection projects	-	-	1,226,994	-	-	1,625,064
Electrical and mechanical engineering projects	-	-	3,876,496	-	-	4,248,610
Operations and maintenance services	-	-	2,810,578	-	-	2,757,178
Others	-	-	117,122	-	-	155,729
Total	-	-	8,031,190	-	-	8,786,581

(VI) Sales in the Last Two Calendar Years

Unit: NT$ thousand

Year / Sales volume and value / Project name	2022				2023			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Environmental protection projects	-	1,376,641	-	7,114	-	1,700,532	-	1,782
Electrical and mechanical engineering projects	-	4,010,647	-	257,082	-	4,817,390	-	91,034
Operations and maintenance services	-	2,992,607	-	66,118	-	2,907,956	-	59,515
Others	-	124,389	-	9,455	-	134,486	-	46,631
Total	-	8,504,284	-	339,769	-	9,560,364	-	198,962

The Company's main business items include electrical and mechanical engineering projects, environmental protection projects, repair, and operation and maintenance services, in which electrical and mechanical engineering projects accounts for the highest percentage of revenue at 50.29%. Output value and sales amount in 2023 increased compared to 2022, and was mainly due to the increase in the scale of tender projects.

Generally speaking, the Company is a general engineering service company, and the breakdown of revenue has changed in recent years. However, the changes in output value and sales amount are still within a reasonable range with consideration to the cause of structure changes.

III. Employees

(I) Information on employees of China Ecotek Corporation and its subsidiaries in the past two years and up to the date of report

Year		End of 2022	End of 2023	As of March 31, 2024
Number of employees		1,217	1,314	1,312
Average age		42.71	42.77	42.91
Average years of services		12.59	12.35	12.59
Education background distribution (%)	Doctorate	0	0	0
	Master's	14.46	14.46	14.48
	College	68.69	63.62	63.57
	High school (vocational high school)	15.86	20.93	20.88
	High School and below	0.99	0.99	1.07

(II) Information on employees of China Ecotek Corporation in the past two years and up to the date of report

Year		End of 2022	End of 2023	As of March 31, 2024
Number of employees		1,182	1,277	1,276
Average age		42.72	42.95	42.94
Average years of services		12.61	12.44	12.45
Education background distribution (%)	Doctorate	0	0	0
	Master's	14.89	14.88	14.89
	College	68.44	63.19	63.17
	High school (vocational high school)	15.82	21.15	21.16
	High School and below	0.85	0.78	0.78

IV. Environmental protection expenditure information

(I) Total amount of losses and penalties incurred due to environmental pollution in the most recent year.

The Company and its subsidiaries did not receive any fines due to pollution in 2023 and up to the date of report.

(II) Response Measures: None.

V. Employer/employee relations

(I) The implementation status of employee benefit measures, continuing education, training, retirement system, labor-management agreements, and employee rights protection measures:

1. Employee benefits measures and implementation status

The Company's leave system is better than that required by the Labor Standards Act. Besides providing different types of leave in accordance with the law, the Company also provides flexible leave days. Employees enjoy 120 hours of paid ordinary injury and sick leave and 120 hours of half wage ordinary injury and sick leave. When employees need to take a longer period of leave for childcare or due to severe illness or disease, they can apply for unpaid leave and apply for reinstatement after the period expires, in order to meet individual and family care needs. The Company complies with 40-hour work weeks, adjusts holidays in coordination with national holidays, and implements two-day weekends.

The Company established an Employee Welfare Committee according to the Employee Welfare Committee Charter and Employee Welfare Fund Act announced by the Ministry of the Interior. The committee handles employee benefits, irregularly subsidizes employee trips, and provides other benefits, including: year-end gifts, cash gifts during four holidays, cash gift for birthday, group insurance, relief funds, marriage subsidies, childbirth subsidies, scrolls of cloth for weddings or funerals, and club activity subsidies.

2. Diversity and gender equality in workplace

The Company is committed to providing employees with a dignified and safe work environment. We implement employment diversity and fair pay and promotion opportunities to ensure that employees do not suffer discrimination, harassment, or unfair treatment due to their race, gender, religious belief, age, political affiliation, and any other status protected by applicable laws and regulations.

The Company values employee diversity and appoints persons with disabilities and indigenous peoples as employees in accordance with regulations. Due to the nature of engineering companies, female employees are more likely to work in internal administration while male employees are more likely to work on-site or overseas. Therefore, their allowances, subsidies, and project bonuses are higher than those of female employees. The employees in 2023 included 8 indigenous people (accounting for 0.63% of all employees) and 16 persons with disabilities (accounting for 1.25% of all employees). Female employees on average accounted for 14.48% of all employees, and female managers accounted for 9.02% of all managers.

The Company has set up the Compensation Committee to provide employees with competitive remuneration and adopts transparent and equal remuneration policies to reward employees based on our business performance. The Company's employees are all official full-time employees, and we do not employ temporary or part-time employees. For junior specialists in the same position, all hired personnel are provided with the same salary. For personnel with relevant professional and work experience, the salary is determined based on their academic and work experience, expertise, and professional licenses. There are no gender or ethnic-based differences. Both men and women have equal pay for equal work and equal opportunities for promotion. The difference between the average salary of men and women in 2023 was 9.3%; the difference between the median salary of men and women was 8.7%; the difference between the average variable bonuses of men and women was 10.8%; the difference between the median variable bonus of men and women was 14.1%.

3. Retirement system and implementation status

The Company established the Employee Retirement Regulations in accordance with the Labor Standards Act and Labor Pension Act, and provides stable pension contributions and benefits. The Labor Pension Act was enacted on July 1, 2005, and the Company's employees that were hired before June 30, 2005 and still active on July 1 were given the option of continuing to use the pension provisions in the Labor Standards Act, or the pension system provided in the Labor Pension Act, while retaining their years of service before the Act. Employees hired after July 1, 2005 may only use the pension system of the Labor Pension Act.

Each year we estimate the amount of pension required for employees that will meet the criteria for retirement in the following year in accordance with the law, and make up for any shortfall in the reserve to protect employees' pension rights. Furthermore, the Company also calculates the retirement reserve required through actuary, in order to ensure that we allocate a sufficient amount to protect employees' rights when they apply for their pension in the future:

We allocate a retirement reserve in accordance with the Labor Standards Act, and make pension payments based on their years of service and average salary in the six months before retirement. We also established a Labor Retirement Reserve Supervisory Committee to manage the allocation and payments from the retirement reserve.

The Company contributes 6% of employees' monthly salaries to their individual pension account at the Bureau of Labor Insurance according to the Labor Pension Act.

The employee retirement system is in accordance with the Labor Standards Act, in which employees may apply for retirement if they reach the age of 60, or have served for 15 year and above and reach the age of 55, or have served for 25 years and above. Pension payment standards are in accordance with the Labor Standards Act and Labor Pension Act.

4. Employee education, training, and its implementation

(1) Employees are sent to participate in domestic and overseas water resource forums and management forums to advance the Company's technologies, develop new products, introduce innovative concepts, and improve management technologies every year.

(2) Encouraging the continuing education of employees: Employees are allowed to freely choose external training courses related to their work, and combine their abilities with their interests.

(3) New employee orientation: Includes introduction to corporate culture, organization, information and Internet system, and quality management systems, human resource regulations, labor safety and health, and information security training.

(4) Position specific training: Develops a second expertise based on requirements of employees' position, including employee on-the-job training, department system and operations introduction, job duties description, and professional knowledge sharing. Employees are sent to participate in professional technology training organized by the Bureau of Employment and Vocational Training, colleges, and private training

institutions, and receive guidance to obtain professional certifications.

(5) Joint competency development: Focuses on employees' common competencies, such as problem analysis and solving techniques, communication techniques, project management, related legal knowledge, team consensus, and service skills training.

(6) Supervisor training: Mainly includes performance management, leadership, motivational skills, strategy planning, project management, team development, organization development ability, and compliance.

(7) The Company systematically reviews talent and documents based on core competencies, and plans storage, succession, and innovation through knowledge management, in order to maintain the organization's core competitiveness. We accelerate experience sharing through incentives for individuals and groups.

(8) The Company considers training and development as an important core, and thus formulated talent cultivation and development strategies. We established the Human Resources Department under the Administration Group, and appointed dedicated personnel to establish human resource development regulations and system, formulate and execute training plans and training budgets, manage talent development and the organization's energy, and plan and implement knowledge management and e-Learning. To train the talents necessary for corporate business development, the Company compiled an "Education and Training Manual" and established "Regulations for On-the-job Training" to establish a training system and training regulations. The Company reviews its business situation

each year and organizes training sessions to improve employees' knowledge and skills.

We planned the education and training system and training plans for different positions and levels based on the talent development strategy and concepts. We cultivate internal instructors for professional disciplines to encourage employees to transform tacit knowledge into explicit knowledge, so that it can be shared. A variety of language learning courses are offered by the Company along with language learning subsidies. The talent cultivation system is used to strengthen management skills and professional knowledge and skills. The Company also trains management and professional talents on all levels and encourages employees to improve themselves with studies.

Furthermore, the Company complies with related laws and regulations and actively implements construction safety training plans in business units, improving occupational safety and health training to ensure the safety and health of employees. The Company assign personnel to attend occupational safety training programs such as "occupational safety and health supervisor," "fixed crane operator," and "first aid." To continue to strengthen the public construction quality management and other professional competencies of employees, we also sent personnel to participate in "public construction quality management" and "construction site director" courses. Obtained a total of 906 professional certifications in 2023, total training expenses was NT$2,353,708, average number hours of training per person was 6.9 hours, training courses and implementation status are shown in the table below:

★2023 education and training statistics:

Item	Course Name	Total number of people	Total hours
1	New employee training (self-training)	48	384
2	Quality management (ISO)	10	266
3	Public construction quality management	3	205
4	Occupational safety and health training (including first aid)	476	3,595
5	Management	86	1,077
6	Equipment operation	286	1,768
7	Special operations	106	924
8	Language	1	14
9	Professional seminars or practical credit courses	5	37.5
Total		1,021	8,270.5

5. Employee shareholding trust system

We make employees shareholders to increase their engagement and change their perspective to that of a business partner, which improves the harmony between labor and management. We hope to align employees' work performance with company growth, and provide employees with better security after retirement. Hence, we implemented the employee shareholding trust system in December 2006, and allow employees to freely choose set aside up to 12 units of NT$1,000, provided that it does not exceed 10% of their base salary. The Company will allocate 20% of the amount set aside by participants as a bonus, and funds are deposited in a dedicated account at the designated financial institution to purchase and manage the Company's shares.

Participants can collect their shares when they withdraw from the trust.

6. Employee rights protection measures

(1) Employee Code of Conduct or Ethics

The Company's Code of Ethics for Employees regulates employee conduct and ethics. Please see pages 172-174 for articles of the code.

(2) Protection measures for work environment and employees' personal safety and implementation status

A. Safety and health management measures

a. Hazard identification and risk assessment

Before commencing projects and works taken on by the Company, hazards to the work item and operation must first be identified and risk assessment must be carried out, so that suitable safety measures can be taken based on the hazards identified and the level of risk; Operational safety procedures can then be established. We conducted a total of 137 audits of high-risk operations at China Steel, Dragon Steel, and work areas outside the Group in coordination with the Company's safety and health policy. We also conducted audits of the methods used for high risk operations according to instructions of the president, so as to improve construction safety. We conducted a total of 135 audits (to be continued next year) in hopes of creating a culture of construction safety through on-site audits that gets employees into the habit of identifying environmental and operational hazards, regardless of the operational environment they are in.

b. Health examination and management

The Company periodically provides employees with general health examinations, and special health examinations to employees in special environments. Employees are divided into groups based on their special health examination results for management in accordance with the law. When examination results are abnormal, data is summarized for the direct supervisor to reference when assigning tasks, and health workers provide personal health instructions. Health examination data is registered in the internal website system for employees to compare their health examination data, understand trends in their health data, and properly manage and control their health on their own. The Company irregularly invites doctors or nutritionists to hold health seminars, which allow employees to understand and actively prevent and treat diseases.

c. Zero disaster movement

The Company promotes zero-disaster safety measures to employees and contractors before work each day based on the core philosophy of disaster prevention. We also verify their health condition and safety equipment at the same time. We specially remind and inform employees of safety measures that need to be taken for high risk operations that day. Before construction safety meetings begin, the chairperson leads all attendees to explain evacuation routes and identification calls, in hopes of showing care for all aspects of construction safety to truly lower the probability of occupational accidents.

The frequency of disabling injuries in 2023 achieved the goal of 0. The number of occupational accidents was 0 accidents involving 0 employees (accounting for 0% of the total number of employees at the end of 2023). The number of fires was 0 accidents involving 0 employees (accounting for 0% of the total number of employees at the end of 2023). The zero-accident target was achieved in both categories.

d. Operating environment monitoring

For confined space operations or work environments with the risk of hypoxia, poisoning, and explosion, we monitor hazardous gases before and during construction to ensure operational safety. At present, the Company monitors carbon dioxide at 11 locations twice a year on its own and in coordination with clients. The locations are as follows:

Monitoring location
4F, 8F, and 9F of Head Office
8F of Pou Chen Building
2F, 3F, and B1 of China Ecotek Office Building in China Steel plant area
China Steel plant area IWI office area
1F and 2F of China Steel plant area RMTP office area
Refractory office in steelmaking maintenance building in Dragon Steel plant area
China Ecotek office in furnace repair plant in Dragon Steel plant area
China Ecotek office on 3F of Demi Water Building in Dragon Steel plant area
China Ecotek office and central control room in 2F of Public Facility Building in Dragon Steel plant area
Office in Operations Building in Chengcing Lake water treatment plant
Office in Operations Building in Kinmen water treatment plant

China Ecotek Corporation has committed to complying with regulations and monitoring to protect employees' physical health and safety and health in the workplace.

e. Safety and health organization and management

The Company not only established a dedicated "occupational safety and health management unit," but also stations safety and health management personnel to handle safety and health management work. All on-site supervision personnel are responsible for safety and health management activities. To improve employees' safety and health knowledge and abilities, the Company invests a considerable amount of funds and manpower to send employees to receive safety and health training each year, so that they will obtain safety and health certificates.

f. Occupational safety and health policy, goals, and plans

The annual targets for occupational safety and health this year was "implement the three targets for industrial safety and ensure labor safety" as we sought to ensure work safety through awareness capacity, effective inspections, and perseverance in review. The implementation of all safety measures is the only way to reduce risks. Every employee must build a mindset of "safety is my responsibility and construction safety is my pride" and adopt them as a second nature. Construction safety management performance is listed in the annual performance evaluation of departments and individuals, and creates China Ecotek's construction safety culture when combined with the management policy of "promoting zero accidents through determination, thoughtfulness, and care in construction safety" and "performance is meaningless if safety cannot be ensured." The departments formulated 10 safety and health action plans and took various management measures, pragmatically implementing self-management mechanisms. The action plans include how departments (1) implement awareness capacity, effective inspections, and perseverance in review with the aim of actively scoring above 90 points in overall performance; (2) reduce labor safety violations by 20%, lower the disabling injury frequency rate (CEC + contractors <0.3), reduce number of traffic accidents resulting in disabling injury by 50%, and inspections by managers at each level.

B. Contractor management system

The Company has many contractors and contractor management is an important part of the safety and health policy.

a. Registration of outstanding contractors

Contractors must first submit an application, pass the review, and then be registered to become the Company's contractor.

b. Establishment of regulations

The absolute majority of the Company's operations are constructions. The hazards of construction are immediate and apparent, so it is necessary to have a strict management system for the conduct of contractors, and management regulations and rules must be implemented for construction safety. We hope to thus minimize accidents in our overall construction safety performance.

c. Clear rewards and punishments

The Company has a strict evaluation system for contractors. Besides frequent inspections and severe penalties for construction safety, we evaluate the construction safety performance of contractors in each area on a monthly basis, and distribute rewards to contractors with outstanding construction safety performance every quarter and six months. Each area also reports and provides a suitable reward for laborers with outstanding construction safety performance each month.

d. Established a contractor safety committee

Besides convening meetings of the collaboration consultative organization each month, contractor safety committee meetings are convened in China Steel and Dragon Steel construction sites. During the meetings, units and individuals with outstanding construction safety performance are commended, violations and deficiencies are reported and discussed, and participants are informed of safety and health measures and regulations and the client's requirements. Propose construction safety issues for discussion and strengthen safety and health management work.

e. Installation of safety facilities

In order to effectively improve contractors' EHS concepts and reduce accidents, fines imposed on contractors for EHS violations are designated for the purchase of safety and health facilities for use during construction, improving the safety in the operating environment while achieving safety and health management goals.

f. Inspection of pension contributions by contractors

We began requiring contractors to provide data on labor pension contributions for inspection starting in May 2019, in order to comply with the law, effectively supervise labor rights, and fulfill our management and corporate social responsibility.

C. EHS training

a. New employee and current employee training

The Company provided education and training to 693 participants, including new employees and current employees, on internal regulations, information system operations, introduction to company operations, quality system interpretation, and construction safety promotion.

b. Construction safety related courses and certifications

We sent personnel to receive training on construction safety, and obtained related certifications, including class 1/2/3/4 occupational safety and health affairs supervisors, occupational safety and health management personnel, supervisor in charge of hypoxia operations, lifting operations personnel, supervisor in charge of scaffolds assembly works, first aid personnel, forklift operator, supervisor in charge of organic solvent operations, 3-ton fixed crane operator, supervisor in charge of dusty operations, supervisor in charge of template bracing works, operator of Category A pressure vessels, personnel in charge of metal sealing, cutting or heating with acetylene sealing devices or gas bundle devices, supervisor in charge of skeleton steel erecting works, operator of high-pressure gas vessels, 3-ton mobile crane operator, supervisor in charge of specified chemical substance operations, operator of specified high-pressure gas equipment, and Grade A boiler operator. There was a total of 104 participants.

c. Employees sent to receive on the job training and have completed re-training

There was a total of 764 participants in on-the-job training, including class 1/2/3/4 occupational safety and health affairs supervisors, occupational safety and health management personnel, mobile crane operator, supervisor in charge of hypoxia operations, supervisor in charge of scaffolds assembly works, first aid personnel, forklift operator, 3-ton fixed crane operator, operator of Category A pressure vessels, supervisor in charge of dusty operations, supervisor in charge of organic solvent operations, supervisor in charge of specified chemical substance operations, and personnel in charge of metal sealing, cutting or heating with acetylene sealing devices or gas bundle devices.

Occupational safety education, training and promotion in the past two years:

Year	Training participation	Training hours
2022	510	5,581
2023	693	7,583

7. Signing of collective bargaining agreements

The Company and the corporate labor union held the first collective bargaining agreement negotiation meeting on November 3, 2017. After nearly three years and a total of 31 negotiation meetings, the two parties finally held the 31st meeting on September 22, 2020. The full text consisting of 75 articles were approved by both parties and finalized.

During the negotiation, the Company's negotiation representatives patiently responded to the questions and opinions raised by the union in the meeting in support of the rights of solidarity, bargaining, and industrial action. They also actively communicated and resolved the issues raised by the union without delay when addressing issues with the corporate union. The union was also willing to provide the management with leeway on issues involving management rights and management affairs, which demonstrates the respect between labor and management for each other. The negotiation of the collective bargaining agreements strengthened labor-management relations, facilitated better communication between the two parties, and clarified the labor conditions.

The agreement was submitted to the 3rd meeting of the 10th-term Board of Directors on September 29, 2020 and was approved. The union held the 2nd extraordinary member congress on October 7, 2020 in accordance with Article 9 of the Labor Union Act and voted for approval. The agreement applies to all members and sponsoring members of corporate union. On October 21, 2020, the Company and the corporate union held the first collective bargaining agreement signing ceremony in the conference room of the China Steel Corporation head office, and received a cash award of NT$200,000 from the Ministry of Labor.

The union has not yet made a request for "exclusion" for the collective bargaining agreement currently implemented. Therefore, it applies to both union and non-union employees. The percentage of the total number of employees covered by the collective bargaining agreement in 2023 was 100%.

(II) Losses sustained due to labor disputes in the most recent year and up to the date of report, current and future estimated amount, and response measures:

The Company did not have any labor-management disputes in 2023.

China Ecotek Corporation Code of Ethics for Employees

Established on January 19, 2009

I. China Ecotek Corporation established this code to promote a culture of ethical business practices, so that employees will take the initiative when performing duties and satisfy customers through advanced technologies and high quality services.

II. Employees shall exercise caution in commitments and actions, and may not use their relationships or information obtained based on their positions or duties for personal gain or illegal benefits of a third party.

III. Employees may not request, offer or receive any gifts, treats or other benefits provided by interested parties related to their job duties. Gifts, treats or other benefits made based on the social customs shall be reasonable and proper.

IV. In case employees need to treat guests due to the performance of duties or development of external relationships, such treatment shall be handled based on the principles of etiquette, simple and cost saving, without any extravagance and waste.

V. When employees are performing their duties, they shall avoid any conflict of interest in cases in which they or their family member is an interested party.

VI. Unless it is necessary for the execution of duties and approved by a senior manager or above, employees shall not accept any treats or other entertainment activities when invited by interested parties related to their job duties.

For treats and entertainment activities invited by personnel having no interests related to their job duties but are considered inappropriate to the job duties, the practitioners shall still refuse such invitations.

VII. Employees may not accept any illegal offers and lobbing, and may not make any private promises or provide different treatment to specific individuals or groups.

VIII. Employees should avoid borrowing money, inviting or participating in gatherings, or serving as the guarantor of identity or loans.

Supervisors at all levels should strengthen the evaluation of employees' ethics, and shall immediately report and handle any financial abnormalities or unusual circumstances in life.

IX. Employees should practice frugality during marriage and funerals, and may not use their position or business relationship to extensively send out invitations. The same applies to when employees buy a new house or move.

X. Employees are strictly prohibited from using connections for lobbing to gain a promotion or transfer.

XI. Employees must use proper channels and provide evidence when reporting illegal conduct, and may make anonymous reports or false reports for others to punished.

XII. Employees are required to uphold their confidentiality obligations for business secrets, trade secrets, and other personal privacy information during their employment. The same shall apply after separation.

XIII. Employees shall be diligent and steadfast, bravely take on responsibility, and abide by duty and leave regulations. Employees may not leave their posts without permission or neglect their duties.

XIV. Employees shall do their duties and respect administrative ethics. Supervisors shall provide guidance, care, and training for their subordinates. Subordinates shall respect, obey, and support their supervisors, and honestly express their opinions for their supervisors to take into consideration. Colleagues shall work harmoniously together.

XV. Employees shall show their team spirit, put China Ecotek Corporation's overall long-term interests first, strengthen horizontal contact, deepen vertical communication, help each other, and eliminate selfish departmentalism.

XVI. Business dealings of China Ecotek Corporation shall be based on the spirit of practicality, and unless it is necessary for cultural customs and festivals, an exchange of gifts shall be avoided.

XVII. Employees may be rewarded for compliance with this code and exceptionally outstanding performance. If an employee is verified to have violated this code, the employee will be punished according to the severity of the violation, and will be brought to justice if the violation involves criminal liability.

XVIII. This Code shall take effect after being approved and announced by the president, and the same shall apply to any future amendment.

Human Resources Management Rules

Article 11 The Company and its subsidiaries may not hire the chairperson, president, and vice presidents' (or managerial officers with the same or similar authority) spouse or relative within the second degree of kinship.

The Company, subsidiary, and second-tier subsidiaries may not hire the spouse or relative within the second degree of kinship of a subsidiary's chairperson, president, and vice presidents (or managerial officers with the same or similar authority).

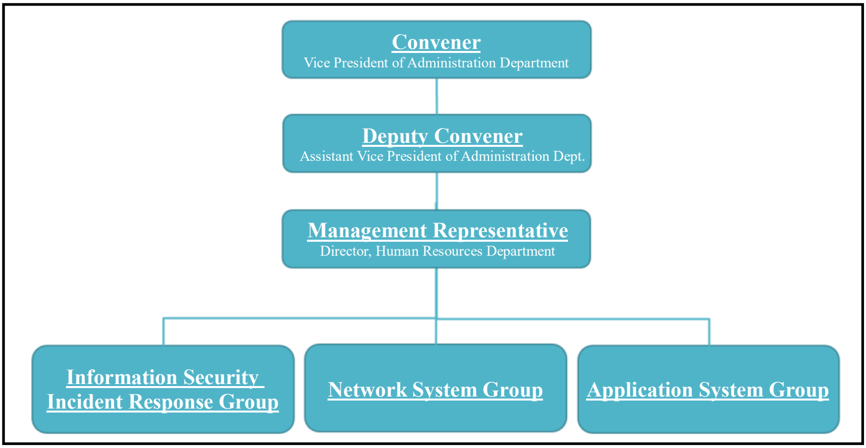
VI. Information security management

(I) Information security management strategy and framework

1. Structure of the information security risk management organization

The Company introduced the ISO 27001 information security management system in 2023 to effectively promote information security management and implement information security policies. It passed the verification of the British Standards Institute (BSI) Taiwan Branch on November 7, 2023, and we implement continuous improvement and enhanced information security management and response through Plan-Do-Check-Act (PDCA) cycle. To ensure the establishment and implementation of information security management and information security policies, we have established the "Information Security Team", with the Vice President of Administration Dept. as the convener. The Team is responsible for reviews of information security management matters and results, internal and external audit, and resource allocation. The Team is responsible for the establishment, implementation, and review of the information security policy, resource allocation, reporting of incidents, response measures, and discussions. The Internal Audit Office periodically audits information security affairs and reports it to the Audit Committee. Implementation results are reported to the Board of Directors at least once a year.

Organizational structure of the information security team



2. Information security policy

(1) Targets

A. Ensure the confidentiality, integrity, and availability of information related to the Company's business operations, protect information security, and ensure the stability and reliability of the system.

B. Comply with national laws and regulations to achieve the goal of continuous business operations.

(2) Strategy

A. Establish the management framework for data files, physical environment, software/hardware, personnel (including contractors), and procedures, and comply with the Company's information security policy.

B. Establish the Information Security Team and the division of responsibilities to implement of information security management.

C. Comply with information security management regulations such as the Regulations Governing Establishment of Internal

Control Systems by Public Companies.

D. Set information security event monitoring, reporting, and response mechanisms, ensure rapid and proper response, control, and handling of the events, and reduce the scope of impact.

E. Periodically conduct internal and external information security audits and prepare reports, in order to ensure that the effectiveness and continuous improvement of the information security management system.

F. Enhance the training of information security management personnel to enhance the Company's information security management capabilities.

G. Raise employees' information security awareness, and reduce information security events caused by internal human factors.

3. Specific management plans

Item	Specific management plans
Internet security risks	• Set up network firewalls for the control and management of connections • Activate the intrusion prevention system (IPS) and protection for distributed denial-of-service (DDoS) attacks • Activate web reputation services for screening and application connection controls • User authentication and control of Internet access • Use VPN connection and activate multi-factor authentication • Email threat filtering and scanning • Regular network security examinations
Device security risks	• Install endpoint computer information security software and adopt centralized management • Retain endpoint computer operation logs and USB storage device management

Item	Specific management plans
	• Equipment connection control • Regular update and replacement of computer equipment • Periodically take inventory of software and hardware assets. • Information security incident detection, monitoring, and response
Application security risks.	• Regular vulnerability scans for critical information systems accessible by external parties • Activate application firewalls for protection • System connection and access authorization control • Periodically review user accounts and authorization.
Data security risks	• Periodically backup and remote backup of data • Periodic disaster recovery drills. • Compliance with the "Confidential Information Protection Guidelines" and "Trade Secret Management Regulations" • Access authorization control and regular reviews
Awareness campaigns and reviews	• Regular internal and external information security audits each year • Hold regular information security management meetings to enhance information security awareness and discuss improvement measures • Organize information security training programs and increase employees' information security awareness • Periodically conduct e-mail social engineering drills each year • Periodically participate in the group's information security joint defense meeting

4. Resources invested in information security management

(1) The 2023 annual information security management review meeting was held on September 23, 2023 to report the implementation status of ISO 27001 implementation and review and improvement results to the convener of the information security strategy team.

(2) Information security management meetings are held regularly with the participation of members of the information security strategy team to communicate information security policies and discuss information security improvement measures. A total of 12 meetings was held in 2023.

(3) The Company obtained international certification for the ISO 27001 information security management system on November 7, 2023, and the certificate is valid until October 31, 2025.

(II) Total amount of losses and penalties incurred due to major information security incidents in the most recent year and up to the date of report:

The Company and its subsidiaries did not receive any fines due to material information security incidents in 2023 and up to the date of report.

VII. Important contracts

(I) Supply/sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that are sufficient to affect shareholders' equity that are still valid as of the date of report or expired in the most recent year:

Nature of the Contract	The Parties	Commencement date/expiration date	Main Content	Restrictive clauses
Construction contracts	Acepodia	2023.01~2023.10	Acepodia Nangang Biotechnology Research Park GMP Laboratory Construction Project	None
	Polyplastics Taiwan	2022.04~2024.04	Polyplastics Taiwan Liquid Crystal Polymer (LCP) Plant Construction Project	None
	Taiwan Water Corporation	2022.02~2025.02	Outsourced operation and maintenance of Chengcing Lake water treatment plant	None
	EirGenix	2022.01~2023.12	Construction of production line on 5F of EirGenix Zhubei Plant	None
	Adimmunue Corporation	2021.09~2024.03	Adimmunue Corporation Influenza Vaccine Bulk Improvement & Overall Hardware Improvement Project	None
	Taiwan Water Corporation	2021.07~2023.10	Caotun water treatment plant construction projection	None
	Dragon Steel	2023.06~2025.12	Water recycling plant construction	None
	China Steel	2023.03~2024.08	Flue gas carbon dioxide capture pilot project for No. 3 blast furnace	None
	China Steel	2023.03~2024.12	Civil structure engineering for No.5 coke screening station	None
	China Steel	2023.04~2025.04	Resource recycling site operation for client (2023.4.21~2025.4.20)	None
	Dragon Steel	2023.04~2025.04	Water Treatment Plant Operations Management in 2023	None
	CSC Solar Corporation	2023.05~2026.05	CSC Group Solar PV Construction Project - Phase VII	None
	China Steel	2023.07~2024.06	W51 Energy Storage System Phase III Construction Project	None
	China Steel	2023.07~2025.03	W22 No. 3 Sinter Plant Electrostatic Precipitator Area A Renovation Project	None
	China Steel	2023.08~2024.10	Additional Desulfurization System	None

Nature of the Contract	The Parties	Commencement date/expiration date	Main Content	Restrictive clauses
			Installation Project for the No. 11 Boiler of the Power Plant	
	Dragon Steel	2023.11~2025.12	1BFR1 North Water Quenching Equipment Area 3400 Machinery	None
	China Steel	2023.11~2026.12	Large Pipeline and Steel Structure Fabrication Project	None
	China Steel	2023.12~2025.10	W53 Update of the Phase I Ozone Equipment Turnkey Project for the Biochemical Wastewater Plant	None
	Dragon Steel	2024.01~2025.07	Major Overhaul of No. 1 Blast Furnace First Furnace Area 6000 Production and Assembly Project	None
	Dragon Steel	2025.03~2025.07	1BFR1 Blast Furnace Lining Carbon Brick Renewal Project - Material Procurement	None
	China Steel	2022.12~2025.08	Advanced Large Pipe Structure Fabrication Project	None
	China Steel	2022.10~2026.03	Power Plant 1 TG-9/10 Expansion Miscellaneous Procurement and Whole-site Fabrication Project	None
	China Steel	2022.09~2023.05	W2 Phase I and II CDQ Public Pipeline Steel Frame Structure Project	None
	China Steel	2022.05~2025.08	Casting and Reversing Machine Steel Structure Fabrication Project	None
	China Steel	2022.05~2024.05	Power Plant 1 TG-9 Expansion Public Utility Liquid Pipeline Laying Project	None
	Dragon Steel	2022.05~2024.05	Refractory Furnace Lining Repair Project R01 Contract (Materials)	None
	Dragon Steel	2022.05~2024.05	Refractory Furnace Lining Repair Project R01 Contract (Construction)	None
	China Steel	2022.05~2024.12	Project for the Replacement of Phase I and II Coke Oven	None
	China Steel	2022.04~2024.09	W21 New Phase I and Phase II Coke Oven Pushing Emissions Control System (PECS)	None
	CSC Solar Corporation	2022.04~2024.12	CSC Group Solar PV System Construction Project 2022-2023	None
	China Steel	2022.04~2024.04	Operations for Solid and Miscellaneous Material Pre-treatment	None

Nature of the Contract	The Parties	Commencement date/expiration date	Main Content	Restrictive clauses
			Plant	
	China Steel	2022.04~2023.12	Pilot Project for New Phase I and II Coke Oven	None
	China Steel	2022.01~2023.10	Phase I and II Coke Oven Coal Chemical Plant Cooling Tower Construction Project	None
	China Steel	2021.12~2024.05	New Phase I and Phase II Coal Production Equipment Supply	None
	China Steel	2021.12~2024.04	W21 Phase I and Phase II Coke Oven Renewal - CDQ Project (Civil Engineering Project)	None
	China Steel	2021.12~2023.12	Phase I and II Coke Oven Coal Chemical Plant Civil Engineering Project	None
	China Steel	2021.11~2024.08	W21 Phase I and Phase II CDQ Dust Collection System Turnkey Project	None
	China Steel	2021.11~2024.06	W1 Coke Transportation and Treatment System Equipment Supply	None
	China Steel	2021.11~2024.06	Coke Transportation and Treatment System Installation Project	None
	China Steel	2021.11~2023.12	Phase II transportation process installation project for new coal mine closed structure	None
	China Steel	2021.11~2023.11	Equipment Supply for the W1 New Coal Mine Closed Structure Transportation Process Reingineering Phase II Project	None
	China Steel	2021.10~2023.12	CDQ Electrical Building Civil Engineering Project	None
	China Steel	2021.09~2024.05	New Phase I and Phase II Coal Production Equipment Installation Project	None
	China Steel	2021.07~2025.06	W21 Phase I and Phase II CDQ Cooling Water System and Auxiliary Equipment Production and Installation Project	None

F. Financial overview

I. Condensed statement of financial position and statements of comprehensive income in the last five years

(I) Condensed statement of financial position and statement of comprehensive income

1. Condensed statement of financial position (consolidated) – International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

Item \ Year		Financial statements for the past five years (Note 1)				
		2019	2020	2021	2022	2023 (Note 2)
Current assets		4,687,053	5,160,119	4,748,877	4,809,100	4,305,298
Property, plant and equipment		143,188	138,084	636,124	310,550	595,681
Intangible assets		6,264	4,479	3,956	8,559	11,356
Other assets (Note 2)		845	9,511	47	446	1,609
Total assets		6,167,995	6,724,372	6,863,041	6,966,460	6,844,026
Current liabilities	Before distribution	2,771,024	3,294,741	3,221,457	3,140,849	2,873,629
	After distribution	2,919,515	3,461,794	3,543,188	3,512,077	3,281,979
Non-current liabilities		431,792	469,375	411,616	314,572	309,249
Total liabilities	Before distribution	3,202,816	3,764,116	3,633,073	3,455,421	3,182,878
	After distribution	3,351,307	3,931,169	3,954,804	3,826,649	3,591,228
Equity attributed to the owners of the parent company		2,965,179	2,960,256	3,229,968	3,511,039	3,661,148
Share capital		1,237,426	1,237,426	1,237,426	1,237,426	1,237,426
Capital surplus		628,374	628,374	628,374	628,374	628,629
Retained earnings	Before distribution	1,168,034	1,190,267	1,420,807	1,644,903	1,824,697
	After distribution	1,019,543	1,023,214	1,099,076	1,273,675	1,416,347
Other equity		(68,655)	(95,811)	(56,639)	336	(29,604)
Treasury shares		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	2,965,179	2,960,256	3,229,968	3,511,039	3,661,148
	After distribution	2,816,688	2,793,203	2,908,237	3,139,811	3,252,798

Note 1: Financial information from 2019 to 2023 was audited by CPA. As the Company's annual report was published on March 31, 2024, the most

recent financial information audited or reviewed by CPA is the financial information at the end of 2023.

Note 2: The amounts after distribution in 2023 were calculated based on the distribution resolved by the Board of Directors, while the distribution of profits is subject to the approval of Shareholders' Meeting.

2. Condensed statement of comprehensive income (consolidated) – International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

(only EPS is in NT$)

Year / Item	Financial statements for the past five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	9,315,910	8,836,360	8,484,613	8,844,053	9,759,326
Gross profit	510,725	503,964	706,961	812,742	974,118
Operating profit and loss	32,480	64,724	242,305	332,633	464,956
Non-operating income and expenses	131,092	174,736	240,534	279,269	220,904
Pre-tax profit	163,572	239,460	482,839	611,902	685,860
Net income from continuing operations	126,858	197,435	403,880	520,519	556,892
Losses from discontinued operations	0	0	0	0	0
Current period net profit	126,858	197,435	403,880	520,519	556,892
Other consolidated income of the term (net value after tax)	(23,379)	(53,867)	32,885	83,911	(35,810)
Total comprehensive income for the period	103,479	143,568	436,765	604,430	521,082
Net profit attributable to owners of the parent company	126,858	197,435	403,880	520,519	556,892
Net profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income (loss) attributable to owners of the parent	103,479	143,568	436,765	604,430	521,082
Total comprehensive income attributed to non-controlling interest	0	0	0	0	0
Earnings per share	1.03	1.60	3.26	4.21	4.50

Note 1: Financial information from 2019 to 2023 was audited by CPA. As the Company's annual report was published on March 31, 2024, the most

recent financial information audited or reviewed by CPA is the financial information at the end of 2023.

3. Condensed statement of financial position (individual) – International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand

Item / Year		Financial statements for the past five years (Note 1)				
		2019	2020	2021	2022	2023(Note 2)
Current assets		3,429,676	4,071,418	3,627,521	3,766,129	3,481,431
Property, plant and equipment		142,854	138,084	636,124	310,550	591,372
Intangible assets		6,264	4,479	3,956	8,206	11,138
Other assets		845	9,511	47	445	1,609
Total assets		5,984,872	6,621,879	6,753,779	6,854,957	6,781,123
Current liabilities	Before distribution	2,588,783	3,192,719	3,114,516	3,030,291	2,821,799
	After distribution	2,737,274	3,359,772	3,436,247	3,401,519	3,230,149
Non-current liabilities		430,910	468,904	409,295	313,627	298,176
Total liabilities	Before distribution	3,019,693	3,661,623	3,523,811	3,343,918	3,119,975
	After distribution	3,168,184	3,828,676	3,845,542	3,715,146	3,528,325
Equity attributed to the owners of the parent company		2,965,179	2,960,256	3,229,968	3,511,039	3,661,148
Share capital		1,237,426	1,237,426	1,237,426	1,237,426	1,237,426
Capital surplus		628,374	628,374	628,374	628,374	628,629
Retained earnings	Before distribution	1,168,034	1,190,267	1,420,807	1,644,903	1,824,697
	After distribution	1,019,543	1,023,214	1,099,076	1,273,675	1,416,347
Other equity		(68,655)	(95,811)	(56,639)	336	(29,604)
Treasury shares		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	2,965,179	2,960,256	3,229,968	3,511,039	3,661,148
	After distribution	2,816,688	2,793,203	2,908,237	3,139,811	3,252,798

Note 1: Financial information from 2019 to 2023 was audited by CPA. As the Company's annual report was published on March 31, 2024, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2023.

Note 2: The amounts after distribution in 2023 were calculated based on the distribution resolved by the Board of Directors, while the distribution of profits is subject to the approval of Shareholders' Meeting.

4. Condensed statement of comprehensive income (individual) – International Financial Reporting Standards (IFRSs)

Unit: NT$ thousand (only EPS is in NT$)

Year / Item	Financial statements for the past five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	8,127,997	8,627,332	8,371,228	8,526,056	9,608,841
Gross profit	590,307	461,740	681,933	787,539	955,915
Operating profit and loss	149,653	44,385	238,999	331,280	478,897
Non-operating income and expenses	(2,042)	180,847	226,844	270,894	190,121
Pre-tax profit	147,611	225,232	465,843	602,174	669,018
Net income from continuing operations	126,858	197,435	403,880	520,519	556,892
Losses from discontinued operations	0	0	0	0	0
Current period net profit	126,858	197,435	403,880	520,519	556,892
Other consolidated income of the term (net value after tax)	(23,379)	(53,867)	32,885	83,911	(35,810)
Total comprehensive income for the period	103,479	143,568	436,765	604,430	521,082
Net profit attributable to owners of the parent company	126,858	197,435	403,880	520,519	556,892
Net profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income (loss) attributable to owners of the parent	103,479	143,568	436,765	604,430	521,082
Total comprehensive income attributed to non-controlling interest	0	0	0	0	0
Earnings per share	1.03	1.60	3.26	4.21	4.50

Note 1: Financial information from 2019 to 2023 was audited by CPA. As the Company's annual report was published on March 31, 2024, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2023.

(II) Name of CPAs and audit opinions in the last five years

Year	Certifying CPA	Corporation Audit opinion	Notes
2019	Deloitte Taiwan Liu Yu-Hsiang, CPA Hsu Jui-Hsuan, CPA	Unqualified opinion (Note 1)	CPAs Liu Yu-Hsiang and Hsu Jui-Hsuan of the firm were appointed.
2020	Deloitte Taiwan Liu Yu-Hsiang, CPA Hsu Jui-Hsuan, CPA	Unqualified opinion	CPAs Liu Yu-Hsiang and Hsu Jui-Hsuan of the firm were appointed.
2021	Deloitte Taiwan Liu Yu-Hsiang, CPA Wang Chao-Chun, CPA	Unqualified opinion	CPAs Yu-Hsiang Liu and Chao-Chun Wang of the firm were appointed due to internal rotations of Deloitte Taiwan.
2022	Deloitte Taiwan Liu Yu-Hsiang, CPA Wang Chao-Chun, CPA	Unqualified opinion	CPAs Liu Yu-Hsiang and Chao-Chun Wang of the firm were appointed.
2023	Deloitte Taiwan Li-Yuan Kuo, CPA Wang Chao-Chun, CPA	Unqualified opinion	CPAs Li-Yuan Kuo and Chao-Chun Wang of the firm were appointed due to internal rotations of Deloitte Taiwan.

Note 1:Since 2019, China Ecotek Corporation and subsidiaries have started the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (hereinafter referred to collectively as the "IFRSs") endorsed and issued into effect by the FSC in 2019. The CPAs have not revised the audit opinion due to such matter.

II. Financial analysis of the last five years

(I) Financial Analysis (Consolidated) – International Financial Reporting Standards (IFRSs)

Analysis item (Note 2) / Year		Financial analysis of the last five years(Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	51.93	55.98	52.94	49.60	46.51
	Ratio of long-term fund to property, plant and equipment	2,070.83	2,143.81	507.76	1,130.59	614.62
Liquidity (%)	Current ratio	169.15	156.62	147.41	153.11	149.82
	Quick ratio	106.74	104.27	78.75	100.05	77.99
	Interest protection multiples	32.31	135.00	316.99	751.80	507.54
Operating ability	Receivables turnover (times)	5.49	7.14	8.93	10.38	12.6
	Average collection period	66	51	41	35	29
	Inventory turnover (times)	0.35	0.33	0.31	0.33	0.4
	Payables turnover (times)	9.97	10.20	9.29	11.19	11.30
	Average inventory turnover days	1,043	1,106	1,177	1,106	913
	Property, plant and equipment turnover (times)	65.06	63.99	13.34	28.48	16.38
	Total assets turnover (times)	1.51	1.31	1.24	1.27	1.43
Profitability	Return on assets (%)	1.84	3.08	5.96	7.54	8.08
	Return on equity (%)	4.25	6.66	13.05	15.44	15.53
	Pre-tax profit to paid-in capital ratio (%)	13.22	19.35	39.02	49.45	55.43
	Net profit margin (%)	1.36	2.23	4.76	5.89	5.71
	Earnings per share (NT$)	1.03	1.60	3.26	4.21	4.50
Cash flows	Cash flow ratio (%)	35.52	39.26	7.35	(0.55)	(14.70)
	Cash flow adequacy ratio (%)	(4.50)	81.12	132.94	131.38	168.13
	Cash reinvestment ratio (%)	25.14	33.57	1.91	(9.80)	(22.87)
Leverage	Operating leverage	16.35	8.01	2.97	2.44	2.09
	Financial leverage	1.19	1.03	1.01	1.00	1.00

Please explain reasons for changes in financial ratios in the last two years. (analysis not required if the change does not reach 20%)

1. Ratio of long-term fund to property, plant and equipment and property, plant and equipment turnover (times): Mainly due to the increase in net amount of property, plant and equipment compared with the same period last year.
2. Quick ratio and cash flow adequacy ratio: Mainly due to the increase in contract assets-current this year, which resulted in an increase in inventory compared with the same period last year.
3. Interest protection multiples: Mainly due to the increase in interest expenses this year compared with the same period last year.
4. Receivables turnover (times): Mainly due to the increase in average net sales compared with the same period last year.
5. Inventory turnover (times): Mainly due to the increase in cost of sales this year compared to the same period last year.
6. Cash flow ratio and cash reinvestment ratio: Mainly due to the decrease in net cash inflow from operating activities this year resulting from the investment in construction projects and requesting payment from clients.

Note 1: Note 1: Financial information from 2019 to 2023 was audited by CPA. As the Company's annual report was published on March 31, 2024, the most recent financial information audited or reviewed by CPA is the financial information at the end of 2023..

Note 2: The following formulas should be included at the end of this table:

1. Financial structure
   (1) Debt Ratio = Total Liabilities / Total Assets.
   (2) Long-term fund to property, plant and equipment ratio = (total equity + non-current liabilities) / net amount of real estate properties, plants and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
   (3) Time interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1)Receivables (including accounts receivable and notes receivable arising from operation) turnover ratio = net sales / average receivables (including accounts receivable and notes receivable arising from operation) balances.
   (2) Average collection days = 365 / Receivable turnover.
   (3) Inventory turnover ratio = Cost of goods sold / Average amount of inventory.
   (4) Payables (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances.
   (5) Average inventory turnover days = 365 / Average inventory turnover.
   (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales / Total average fixed assets.
4. Profitability
   (1) Return on assets = [net income + interest expense (1– tax rate)] / average total assets.
   (2) Return on equity = Net income / Average equity.
   (3) Net profit margin = Net income / Net sales.
   (4) EPS = (income belonging to owner of parent company - stock dividend of preferred stocks)/weighted average number of issued shares. (Note 4)
5. Cash flows
   (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend) for the most recent five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities –cash dividend) / (gross margin of property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating income – variable operating cost and expenses) / operating income (Note 6).
   (2) Financial leverage = operating profit/(operating profit - interest expense).

Note 3: Pay attention to the following matters when using the formula above for calculating EPS:

1. Based on the weighted average number of ordinary shares and not the number of outstanding shares at the end of the year.
2. The period of shares from cash capital increase or treasury stock must be taken into consideration when calculating the weighted average number of shares.
3. When calculating EPS in previous years or half years after capital increase by earnings or capital surplus, adjustments must be made according to the ratio of capital increase and the duration does not need to be considered.
4. If preferred stock is non-convertible cumulative preferred stock, the dividends (regardless of whether it is distributed) shall be deducted from after-tax net income or added to after-tax net loss. If the preferred stock is non-cumulative and there is after-tax net income,

dividends on preferred stock shall be deducted from after-tax net profit. In case of a loss, then no adjustment is necessary.

Note 4: Pay attention to the following matters during cash flow analysis:

1. Net cash flows from operating activities refers to the net cash flows from operating activities in the cash flow statement.
2. Capital expenditure refers to the cash outflows from capital investments each year.
3. Inventory increase is only calculated when the amount at the end of the period is greater than the beginning of the period, and is calculated at zero if inventory decreases at the end of the year.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross profit for property, plant, and equipment shall refer to the total amount for property, plant, and equipment before accumulated depreciation is deducted.

Note 5: Issuers must divide operating costs and operating expenses into fixed and variable based on their properties. If it involves estimates or subjective judgment, make sure it is reasonable and consistent.

Note 6: For company shares with no face value or with face value per share not equaling NT$10, the aforementioned calculation for paid-in capital ratio should be changed to calculation for the equity ratio attributable to owners of parent in the balance sheet instead.

(II) Financial Analysis (Individual) – International Financial Reporting Standards (IFRSs)

Analysis item	Year	Financial analysis of the last five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	50.46	55.30	52.18	48.78	46.01
	Ratio of long-term fund to property, plant and equipment	2,075.67	2,143.81	507.76	1,130.59	619.09
Liquidity (%)	Current ratio	132.48	127.52	116.47	124.28	123.38
	Quick ratio	96.27	101.89	76.09	92.52	74.34
	Interest protection multiples	29.46	128.54	308.69	756.55	602.09
Operating ability	Receivables turnover (times)	5.48	7.57	9	11.27	14.23
	Average collection period	67	48	41	32	26
	Inventory turnover (times)	0.42	0.43	0.39	0.40	0.47
	Payables turnover (times)	9.49	10.92	9.90	11.78	11.70
	Average inventory turnover days	869	849	936	913	777
	Property, plant and equipment turnover (times)	56.90	62.48	13.16	27.45	16.25
	Total assets turnover (times)	1.36	1.30	1.24	1.24	1.42
Profitability	Return on assets (%)	1.92	3.15	6.06	7.66	8.18
	Return on equity (%)	4.25	6.66	13.05	15.44	15.53
	Pre-tax profit to paid-in capital ratio (%)	11.93	18.20	37.65	48.66	54.07
	Net profit margin (%)	1.56	2.29	4.82	6.11	5.80
	Earnings per share (NT$)	1.03	1.60	3.26	4.21	4.50
Cash flows	Cash flow ratio (%)	24.39	32.73	6.61	6.00	(18.49)
	Cash flow adequacy ratio (%)	(2.44)	50.91	146.58	114.40	124.06
	Cash reinvestment ratio (%)	14.66	26.26	1.06	(3.94)	(24.05)
Leverage	Operating leverage	4.08	10.73	2.91	2.38	1.99
	Financial leverage	1.04	1.04	1.01	1.00	1.00

Please explain reasons for changes in financial ratios in the last two years. (analysis not required if the change does not reach 20%)

1. Ratio of long-term fund to property, plant and equipment and property, plant and equipment turnover (times): Mainly due to the increase in net amount of property, plant and equipment compared with the same period last year.
2. Interest protection multiples: Mainly due to the increase in interest expenses this year compared with the same period last year.
3. Receivables turnover ratio (times), average collection period: Mainly due to the increase in average net sales compared with the same period last year.
4. Cash flow ratio and cash reinvestment ratio: Mainly due to the decrease in net cash inflow from operating activities this year resulting from the investment in construction projects and requesting payment from clients.

III. Audit Committee's audit report in the most recent year

China Ecotek Corporation
Audit Committee's Audit Report

The 2023 financial statements audited by Deloitte Taiwan, earnings distribution proposal, and business report prepared by the Board of Directors were audited by the Audit Committee and found to be compliant with regulations. The Audit Report is therefore provided in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review and approve

To

The Company's 2024 Annual General Meeting

China Ecotek Corporation

Audit Committee Convener:

王泊翰

Po-Han Wang

February 27, 2024

IV. Consolidated financial statements for the most recent year: See pages 214-320 for details.

V. Financial statements for the most recent year: See pages 321-442 for details.

VI. The impact of the financial difficulties of the Company and affiliated companies, if any, on the Company's financial position in the past year and up to the date of report: None.

G. Review and analysis of financial status, financial performance, and risk management

I. Financial position

Unit: NT$ thansand

Year / Item	2022	2023	Difference	
			Amount	%
Current assets	4,809,100	4,305,298	(503,802)	(10.48%)
Non-current assets	2,157,360	2,538,728	381,368	17.68%
Total assets	6,966,460	6,844,026	(122,434)	(1.76%)
Current liabilities	3,140,849	2,873,629	(267,220)	(8.51%)
Non-current liabilities	314,572	309,249	(5,323)	(1.69%)
Total liabilities	3,455,421	3,182,878	(272,543)	(7.89%)
Share capital	1,237,426	1,237,426	0	0.00%
Capital surplus	628,374	628,629	255	0.04%
Retained earnings	1,644,903	1,824,697	179,794	10.93%
Shareholders' equity – other	336	(29,604)	(29,940)	(8,910.71%)
Total shareholders' equity	3,511,039	3,661,148	150,109	4.28%
Analysis of changes in ratios (the difference reaches 20% or above): 1. The decrease in "Shareholders' equity – other" is mainly due to the decrease in unrealized gains and losses from cash flow hedging.				

II. Financial performance

(I) Comparative analysis of business performance

Unit: NT$ thansand

Item \ Year	2022	2023	Increase (Decrease)	Percentage of change (%)
Net operating revenues	8,844,053	9,759,326	915,273	10.35%
Operating costs	8,031,190	8,786,581	755,391	9.41%
Unrealized gain from sale	8,305	5,033	(3,272)	(39.40%)
Realized gain from sale	8,184	6,406	(1,778)	(21.73%)
Gross profit	812,742	974,118	161,376	19.86%
Operating expenses	480,109	509,162	29,053	6.05%
Operating profit	332,633	464,956	132,323	39.78%
Non-operating income and expenses	279,269	220,904	(58,365)	(20.90%)
Pre-tax profit	611,902	685,860	73,958	12.09%
Income tax	91,383	128,968	37,585	41.13%
Net profit after tax from continuing operations	520,519	556,892	36,373	6.99%

Reasons for changes in the most recent two years (a separate analysis is required if the change in gross profit reaches 20% and above; analysis is not required if the change does not reach 20%):

1. The decrease in unrealized gain from sale is mainly due to the progress of the construction project with China Steel Solar Tech Co., Ltd., and the recognition of unrealized gain from sale.
2. The decrease in realized gain from sale is mainly due to the progress of the construction project with China Steel Solar Tech Co., Ltd., and the commencement of recognition of realized gain from sale for each year.
3. The increase in operating profit is mainly due to the increase in gross profit.
4. The decrease in non-operating income and expenses is mainly due to the decrease in financial assets at fair value through profit or loss.
5. The increase in income tax is mainly due to the increase in profit before tax.

(II) Expected sales volume and its basis

The Company is a construction service company and will actively participate in new construction projects and the replacement of old equipment inside and outside the Group, develop wastewater recycling engineering and subsequent operation services, and expand fire-resistant material turnkey projects to increase long-term stable income.

III. Cash flows

(I) Analysis of cash flow changes

The consolidated net cash outflow totaled NT$608,395 thousand in 2023 and the changes in cash flow from various activities are as follows:

1. Operating activities: The net cash outflow was NT$422,325 thousand which was mainly due to changes in contract assets and contract liabilities this year.
2. Investing activities: The net cash inflow was NT$163,895 thousand, which was mainly due to changes in sales of funds, stocks, and receipt of cash dividends from investee companies.
3. Financing activities: The net cash outflow amounted to NT$319,773 thousand mainly due to the distribution of cash dividends.

(II) Cash flow analysis for the coming year

Unit: NT$ thansand

Cash balance at beginning of period	Net cash flow from operating activities	Annual cash outflow	Cash surplus	Remedial measures for cash deficit	
				Investment plan	Financial plan
550,734	674,100	(415,293)	809,541	N/A	N/A

1. Analysis of cash flow changes in 2024:
   (1) Operating activities: The net cash flow is mainly from changes in profits and contract assets/liabilities.
   (2) Investing activities: The net cash flow is mainly from the acquisition of property, plant and equipment and other financial assets.
   (3) Financing activities: The net cash flow is mainly from short-term borrowings and payment of cash dividends.
2. Remedial measures for cash shortage and liquidity analysis: None.

IV. Impact of major capital expenditures in recent years on the Company's financial position and business performance: None.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year.

(I) Reinvestment policy in the most recent year: The Company makes investments according to the Procedures for the Acquisition or Disposal of Assets, evaluates investment benefits, and implements investment plans once they are approved by the Board of Directors.

(II) Investment analysis: The Company recognized investment gains in the amount of NT$128,145 thousand in 2023, and was mainly from the recognition of operating profits of investee companies.

(III) Investment plans for the coming year: None.

VI. Risk assessment

(I) Impact of interest rate and exchange rate changes and inflation on the Company's profit and response measures

1. Impact on the Company's income

Item	2023 (NT$ thansand; %)
Net interest income (expense)	89,911
Net exchange gain (loss)	509
Net interest income (expense) as a percentage of net revenue	0.92%
Net interest income (expense) as a percentage of net profit before tax	13.11%
Net exchange gain/loss as a percentage of net revenue	0.01%
Net exchange gain/loss as a percentage of pre-tax net profit	0.07%

(1) Interest rate changes

The Company is subordinate to the CSC Group, generates stable profits every year, and has a sound financial position. We have worked closely with financial institutions for years to obtain better interest rates. Our financial assets and liabilities cash flow with interest rate risks amounted to NT$268,589 thousand at the end of 2023. If interest rates increase/decrease by 1%, it will increase the Company's net profit before tax by approximately NT$2,686 thousand.

(2) Exchange rate fluctuations

The Company purchases and sells goods denominated in foreign currencies, and is exposed to the risk of interest rate fluctuations. The Company thus uses foreign currency deposits and firm commitment opposite to exchange rate fluctuations to manage risk. The Company recognized net foreign exchange loss in the amount of NT$509 thousand due to exchange rate fluctuations in 2023, accounting for 0.07% of net profit before tax in 2023. The balance of foreign currencies at the end of 2023 was USD 8,125 thousand and CNY 144,912 thousand. If NTD appreciates by 1% in the future, the Company will gain NT$34 thousand and shareholders' equity will decrease by NT$9,738 thousand.

(3) Impact of inflation

Inflation did not have a significant effect on the Company's cost and selling price in 2023. We will continue to monitor changes in inflation while controlling cost and product prices, and make suitable adjustments. Our operating expenses was NT$509,162 thousand in 2023. If inflation increases by 1% in the future, it will increase expenses by approximately NT$5,092 thousand.

2. Future response measures

(1) Response measures for interest rate changes

The Company's cash position reached NT$550,734 thousand at the end of 2023, debt ratio was 47%, and there was ample credit limit and available credit limit at the end of 2023. If the Company requires financing due to future business development, the Company will mainly use low interest commercial paper and short-term borrowings. If there is any short-term surplus, the Company will mainly make safe short-term investments with stable returns.

(2) Response measures for exchange rate fluctuations

In response to the demand on foreign exchange to import raw materials, if a L/C is used for payment, the amount of foreign currency required for payment will be pre-purchased when the L/C is issued. If the amount is remitted, then the equivalent amount of foreign currency using the exchange rate that day will be directly remitted, so the Company is not affected by exchange rate fluctuations.

(3) Response measures for inflation

The Company will pass on costs and reduce expenses to increase income or reduce costs in response to the impact of inflation.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures

1. The Company upholds its principle of stable financial operations and has not engaged in any high-risk or high-leverage investments in 2023.
2. As of the end of 2023, the Company lend NT$0 to others and therefore does not have any risks from lending to others.
3. As of the end of 2023, the amount of endorsements and guarantees provided by the Company to subsidiaries was NT$0, so the Company does not have endorsement and guarantee risks.
4. As of the end of 2023, the amount of derivatives held by the Company was NT$0, so the Company does not have any risks from derivatives.

(III) Future R&D projects and expected R&D expenses

Projects in the most recent year	Current progress	Additional R&D expenses (NT$ thansand)	Time of completion	Applications
Carbon capture research and development with the reaction of calcium ion concentration in water and carbon dioxide in flue gas	Cooperate with the R&D unit of China Steel to use calcium ions in steel plant wastewater to capture carbon dioxide in the flue gas and reduce carbon emissions. We expect to complete the setup in the fourth quarter of 2024 and commence testing.	3,000	2025/12	Used for carbon reduction and to reduce greenhouse gas emissions
R&D of carbon reduction technology	In terms of the carbon dioxide captured from stack exhaust emissions, it is purified with the goal of reaching 99% and above purity so that it can be sold as a raw material for industrial use. The plans for the trial production line have been completed and construction has begun. Commercial operations are set to begin in late 2024.	2,000	2024/12	Used for carbon reduction and to reduce greenhouse gas emissions
Creation of the acid gas flue-gas desulfurization technology	We collaborated with the R&D Department of China Steel in treatment process research for acid gas/smoke (SO2, HCL, HF, SO3, and PM2.5) desulfurization and white smoke removal. We used HWS (honeycomb wet scrubber) + WEP (wet electrostatic precipitator) for tests. An analysis of test data showed that a desulfurization rate of 90% can be obtained when operating under conditions of low air volume and a pH value of 6 to 6.5. The next phase of the research will be moved to the No. 3 sinter plant to develop acid removal technologies.	3,000	2024/12	We expect to carry out actual site planning for sinter plant desulfurization in 2026.
Medium to low-temperature plate-type denitrification catalyst - coking flue gas pilot plant tests	The Company collaborated with the R&D Department of China Steel and verified that denitrification efficiency ≧80% and provided related parameters and data. China Ecotek to set up analyses with computational fluid dynamics (CFD) and provided data for the Group's HIMAG Magnetic Corporation to evaluate mass production plans.	3,500	2024/12	We expect to carry out actual site planning for sinter plant denitrification and coking plant denitrification in 2026.

Looking towards the future, we will dedicate our efforts to technology applications and development based on trends in amendments to environmental protection laws and regulations and the pathway to net zero emissions, and make improvements in design efficiency to develop proprietary core technologies, provide stable business, and also strengthen technology sharing and engineering integration with companies in the CSC Group, enhancing the Group's synergies and overall competitiveness.

(IV) The effect of changes in important domestic and foreign policies and laws on the Company's financial position and business operations, and response measures

There have been important policies and legislation enacted and amended in Taiwan and in foreign countries in recent years, and they mainly impact business operations in terms of corporate governance and environmental protection. As a member of the CSC Group, the Company upholds the business philosophy of stable operations, environmental protection, and corporate social responsibility. The Company will cooperate with changes in important policies and laws, and seek ways to respond to such changes. Hence, the changes will not have any material negative impacts on the Company's operations.

(V) The impacts of technology changes (including information security risks) and industry changes on the Company's financial position and business performance, and response measures

The Company's main business items include electrical and mechanical equipment installation, environmental protection projects, and operation and maintenance. There is not much change in the industry environment, so technology changes (including information security risks) do not have a significant impact on the Company's operations.

(VI) Impact of corporate image change on crisis management and response measures:

The Company began publishing a Corporate Social Responsibility Report every year starting in 2011, and renamed it the Corporate Sustainability Report in 2020, in order to establish smooth communication channels with stakeholders. We have also created an excellent corporate image based on our ethical corporate management policy, so as to reduce crises caused by changes in corporate image.

The Company strives to improve its corporate governance to protect shareholders' interests, treat shareholders fairly, strengthen the structure and operations of the Board of Directors, improve information transparency, and fulfill its corporate social responsibility. As such, we were ranked in the top 6-20% of public companies in the 10th (2023) Corporate Governance Evaluation.

(VII) Expected benefits and potential risks of merger and acquisition and response measures:

No such occurrences in 2022 and 2023 up to the date of report.

(VIII) Expected benefits and potential risks of capacity expansion and response measures

The Company's major capital expenditures must be reported to the Board of Directors for approval, and investment benefits and risks are fully taken into consideration.

(IX) Risks associated with over-concentration in purchase or sale and response measures

1. Risk of over-concentration in purchase

(1) Equipment

The Company has always conducted extensive surveys when purchasing equipment, and purchases equipment from vendors designated by customers or domestic or overseas equipment vendors. Hence, there is no over-concentration in purchase. In recent years, foreign equipment suppliers have been integrating their business through mergers, acquisitions, and strategic alliances, so the number of vendors that can provide price quotations has decreased. Less competition may cause vendors to raise their prices and cause an increase in cost of investment in equipment.

(2) Materials and contractors

The supply of materials varies with each contract. Aside from the materials provided by the client, other materials are purchased from domestic and overseas equipment vendors as needed by the project. Electrical and mechanical materials and equipment mainly include pipelines, valves, power cables, meters, motors, control panels, filters, blowers, water pumps, and various other pumps. Materials suppliers and downstream contractors compete with each other in the domestic market, so it is not possible for supply to be cut off or for there to be a supply shortage.

(3) In light of the risks that can easily occur when there is over-

concentration in purchase, we have extensively surveyed supply sources, created competition, and diversified our sources of goods (materials). This has always been the direction and goal of our efforts in purchasing.

2. Risk of over-concentration in sales

The Company's business is obtained through contracts awarded through the tender process, and contract performance is completed when the project is completed. The Company's main source of revenue is China Steel, so the risk of default is very low and there is little effect on the Company.

(X) Impact of mass transfer of equity by or change of directors or shareholders holding more than 10% shares of the Company, associated risks, and response measures: No such occurrences in 2022 and 2023 up to the date of report.

(XI) The effect of changes in management right on the Company, risks, and response measures: No such occurrences in 2022 and 2023 up to the date of report.

(XII) In terms of litigation or non-litigation matters, the company and the company's directors, president, actual responsible person, shareholders holding more than 10% of the company shares, and a subsidiary company who is involved in a major lawsuit that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or securities prices, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed: No such occurrences in 2022 and 2023 up to the date of report.

(XIII) Other significant risks and response measures: None.

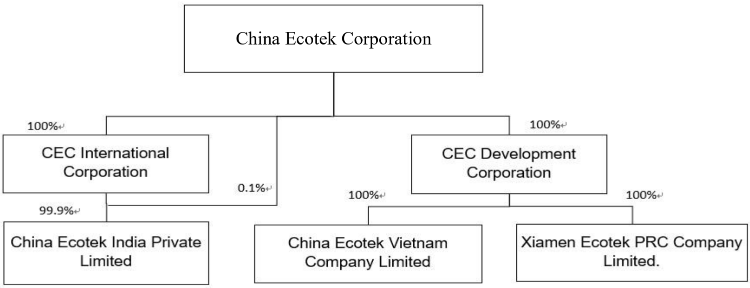
VII. Other important matters: None

H. Special Notes

I. Profiles of affiliated enterprises

(I) Consolidated business report

1. Organization chart of affiliated enterprises



2. Name, date of establishment, address, paid-in capital, and main business items of affiliated enterprises

December 31, 2023

Company name	Date of establishment	Address	Paid-in capital	Main business and products
CEC International Corporation	2002.06.12	Portcullis Chambers, P. O. Box 1225, Apia, Samoa	US$ 1,000,000	General investment
CEC Development Corporation	2017.05.16	Level 2, Lotemau Centre Building, Vaea Street, Apia, Samoa	US$ 16,000,000	General investment
China Ecotek Vietnam Company Limited	2010.06.09	Phuoc Lap Zone, My Xuan Ward, Phu My Town, Ba Ria Vung Tau Province, Vietnam	US$ 10,000,000	Construction and design services
Xiamen Ecotek PRC Company Limited	2011.11.09	Room 2205-3, Lixin Square, No. 90, Hubin South Road, Siming District, Xiamen City, Fujian Province	US$ 6,000,000	Import/export and domestic sales of metal materials

Company name	Date of establishment	Address	Paid-in capital	Main business and products
China Ecotek India Private Limited	2012.08.17	B-33, 2F, Janki Residency, Undera-Koyali Road, Undera, Vadodara, Gujarat, India	INR 50,000,000	Construction and design services

3. Matters that must be disclosed for companies presumed to have controlling and subordinate relationships in accordance with Article 369-3 of the Company Act: None.
4. Businesses included in the affiliated enterprises' overall operations: Affiliated enterprises each independently operate their own business.
5. Name and shareholding or capital contribution of directors, supervisors, and presidents of affiliated enterprises

(Baseline date: 2024.03.31, the investment amount is listed for some foreign companies)

Unit: Shares, %

Company name	Title	Name or representative	Shareholding	
			Number of shares (units)	Shareholding ratio
CEC International Corporation	Director	China Ecotek Corporation Representative: Li-Ming Hu	10,000,000	100%
CEC Development Corporation	Director	China Ecotek Corporation Representative: Li-Ming Hu	17,000,000	100%
China Ecotek Vietnam Company Limited	Director	CEC Development Corporation Representative: Li-Ming Hu	US$ 10,000,000	100%
	President	Ming-Fang Liang	US$ 0	0%
Xiamen Ecotek PRC Company Limited	Director and President	CEC Development Corporation Representative: Li-Ming Hu	US$ 6,000,000	100%
	Supervisors	Ya-Min Chuang	US$ 0	0%

Company name	Title	Name or representative	Shareholding	
			Number of shares (units)	Shareholding ratio
China Ecotek India Private Limited	Director	CEC International Corporation Representative: Li-Ming Hu	4,995,000	99.90%
	Director	Yao-Pin Chen	-	-

6. Business overview of affiliated enterprises

December 31, 2023 Unit: NT$ thousand

Company name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit (loss)	Income/loss for the current period (after tax)	Earnings per share (loss) (NT$)
CEC International Corporation	30,642	34,812	0	34,812	0	-1	237	0.02
CEC Development Corporation	478,579	984,713	0	984,713	0	-29	27,766	1.63
China Ecotek Vietnam Company Limited	302,065	863,977	67,141	796,836	150,485	-9,356	27,295	NA(Note 2)
Xiamen Ecotek PRC Company Limited	184,230	182,814	1,133	181,681	0	-4,224	418	NA(Note 2)
China Ecotek India Private Limited	27,097	34,649	46	34,603	0	-331	849	0.17

Note 1: If an affiliated enterprise is a foreign company, the figures are converted to NTD using following exchange rate.

Balance sheet exchange rate: USD: 30.705, RMB: 4.327, VND: 0.001245, INR: 0.367

Income statement exchange rate: USD: 31.1624, RMB: 4.3955, VND: 0.001288, INR: 0.3769

Note 2: The Company uses amount of capital and does not have any shares to calculate EPS.

(II) Consolidated financial statements of affiliated enterprises

China Ecotek Corporation Affiliation Report Statement

Statement on the Consolidated Financial Statements of Affiliated Enterprises

For 2023 (January 1 to December 31, 2023), affiliated businesses of this Company that shall be included according to the rules prescribed by the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises were the same as those companies that shall be included into the parent and subsidiary consolidated financial statement as prescribed by the International Financial Reporting Standards No. 10 (IFRS 10). All information to be disclosed in the consolidated financial statements of affiliated enterprises have already been disclosed in the consolidated financial statement of the parent company and subsidiaries. Hence, consolidated financial statements of affiliated enterprises were therefore not generated separately.

It is hereby declared

Company name: China Ecotek Corporation

Legal representative:
Cheng-Chiang Chen

February 27, 2024

(III) Affiliation Report

1. Relationship between controlling and subsidiary companies

Unit: shares; %

Name of controlling company	Reason for control	Status of the controlling company's share ownership and pledge			Status of director, supervisor, or manager designation by the controlling company	
		Number of shares held	Shareholding ratio	Number of shares pledged	Title	Name
China Steel Corporation	The person appointed by the controlling company was appointed as the Company's president	55,393,138	44.76	None	Chairperson Director Director Director Director President	Cheng-Chiang Chen Chao-Tung Wong Shyi-Chin Wang Chih-Feng Lee Chen Yang Chih-Feng Lee

2. Transactions status

(1) Purchase (sales) of goods:

Unit: NT$ thousand; %

Transaction status with controlling company				Transaction conditions with controlling company		General transaction terms		Cause of variation	Accounts receivable (payable) and notes		Overdue accounts receivable			Notes
Purchase (sales)	Amount	Percentage of total purchases (sales)	Sales margin	Unit price (NTD) (Note)	Credit period	Unit price (NTD) (Note)	Credit period		Balance	accounts receivable (payable) and	Amount	Processing method	Provision for doubtful debts	
Sales	6,084,192	62.34%	-	(Note)	2~3 month(s)	(Note)	2~3 month(s)	None	229,314	35.55%	-	-	-	-
Purchase of goods	4,090	0.06%	-	(Note)	1~2 month(s)	(Note)	1~2 month(s)	None	17	-	-	-	-	-

Note: The Company's products are mainly turnkey projects, and the unit price depends on the needs of each project, so there is no specific or fixed unit price.

(2) Property transactions: None.

(3) Financing arrangements: None

(4) Status of asset leasing:

Unit: NT$ thousand

Transaction type (leased or rented)	Subject		Lease period	Lease type	Basis for determining rent	Collection (payment) method	Comparison with general rent levels	Total rent in the current period	Collection and payment status in the current period	Other terms
	Name	Location								
Lessee	Office lease	8F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City	2023.01 to 2025.12	Operating lease	-	Quarterly payments	No similar transactions for comparison	7,798	Paid in full	None
Lessee	Office lease	No. 1, Zhonggang Rd., Xiaogang Dist., Kaohsiung City	2021.03 to 2024.02	Operating lease	-	Semi-annual payments	No similar transactions for comparison	2,104	Paid in full	None
Lessee	Machinery and equipment lease	No. 1, Zhonggang Rd., Xiaogang Dist., Kaohsiung City	2021.05 to 2026.04	Operating lease	-	Semi-annual payments	No similar transactions for comparison	217	Paid in full	None
Rentee	Land lease	No. 22, Lane 46, Xizhou 3rd Road, Linyuan District, Kaohsiung City	2023.06 to 2024.05	Operating lease	-	Semi-annual collection	No similar transactions for comparison	11,664	Paid in full	None

(5) Other significant transactions: None.

3. Endorsements and guarantees: None.

4. Other matters with material impact on finance and business: None.

II. Private placement of securities in the most recent year and up to the date of report: None.

III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report: None.

IV. Other necessary supplemental information: None.

I. Occurrence of events that have a material impact on shareholders equity or stock prices specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

None

China Ecotek Corporation and Subsidiaries

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

Address: 8F, No. 88, Chenggong 2nd Rd.,

Qianzhen Dist., Kaohsiung City

Tel: (07)3336138

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of China Ecotek Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Associates are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, China Ecotek Corporation and Subsidiaries do not prepare a separate set of combined financial statements. Very truly yours,

China Ecotek Corporation

By

Zhen-Jiang Chen

Chairman

February 27, 2024

Independent Auditors' Report

The Board of Directors and Shareholders
China Ecotek Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Ecotek Corporation (The “Company”) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters of the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Assessment of the estimated total project cost

The Company and its subsidiaries have signed many construction contracts, and recognized construction revenues according to the percentage completion method during the contract period. Construction progress is calculated based on the actual construction costs incurred under each contract as a percentage of the estimated total construction cost of the project. The estimated total project cost involves a major accounting estimate, and affects the recognition of construction progress and revenues. Hence, the assessment of estimated total project cost is listed as a key audit matter. For relevant accounting policies, major accounting estimates, and explanations of determination, please refer to the Consolidated Financial Statements Note 4 and Note 5.

Our audit procedures performed included the following:

1. Understand control procedures for the assessment of the estimated total project cost, and conduct sampling inspections of the consistency between preparation process and internal controls.

2. Conduct a sampling inspection of documentation related to the assessment of the estimated total project cost for new projects and additions/reductions in the current year.

3. Conduct a sampling inspection to see if there are any major abnormalities between the actual total cost of projects concluded this year and their estimated total project cost, in order to verify the reasonableness of estimated total project cost. Conduct a

sampling inspection of abnormal changes in estimated total cost, in order to determine the reasonableness of calculating the percentage of construction progress based on the estimated total project cost before the balance sheet date.

Other Matter

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Company and its subsidiaries 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

These charged with governance, including the audit committee or supervisors, are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, 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 and its subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accouting 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 and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the discloseures, and whether the consolidated

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Lee-Yuan Kuo and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

China Ecotek Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

In Thousand of NTD

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 14)	$ 550,734	8	$ 1,159,129	17
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	85,081	1	94,311	1
1120	Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	31,050	-	-	-
1139	Financial assets for hedging - current (Notes 4 and 12)	929,260	14	984,542	14
1140	Contract assets - current (Notes 4, 25, and 31)	1,274,883	19	490,593	7
1150	Notes receivable (Notes 4 and 9)	-	-	43	-
1170	Accounts receivable, net (Notes 4 and 9)	54,621	1	246,440	4
1180	Accounts receivable – related parties (Notes 4, 9, and 31)	590,471	8	657,824	10
1200	Other receivables (Note 9)	57,886	1	28,069	-
1220	Current tax assets (Note 27)	756	-	7,295	-
130X	Inventories (Notes 4 and 10)	13,305	-	19,656	-
1476	Other financial assets – current (Notes 12 and 32)	521,648	8	904,174	13
1479	Other current assets (Note 13)	195,603	3	217,024	3
11XX	Total current assets	4,305,298	63	4,809,100	69
	Noncurrent assets				
1510	Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	31,880	-	32,207	-
1517	Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	124,976	2	102,782	1
1550	Investments accounted for using equity method (Notes 4 and 11)	1,064,466	16	1,035,507	15
1600	Property, plant and equipment (Notes 4 and 15)	595,681	9	310,550	5
1755	Right-of-use assets (Notes 4 and 16)	85,538	1	95,601	1
1760	Investment properties (Notes 4, 17, and 31)	323,521	5	323,521	5
1780	Intangible assets (Note 4)	11,356	-	8,559	-
1840	Deferred tax assets (Note 27)	52,065	1	52,432	1
1915	Advance payments for equipment	705	-	101,801	2
1920	Refundable deposits	7,664	-	6,492	-
1980	Other financial assets – noncurrent (Note 12)	239,267	3	87,462	1
1995	Other noncurrent assets	1,609	-	446	-
15XX	Total noncurrent assets	2,538,728	37	2,157,360	31
1XXX	Total assets	$ 6,844,026	100	$ 6,966,460	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Notes 4 and 18)	$ 100,000	1	$ -	-
2130	Contract liabilities - current (Notes 4, 14, 25, and 31)	1,075,722	16	1,613,642	23
2170	Accounts payable (Note 19)	856,543	13	669,304	10
2180	Accounts payable - related parties (Notes 19 and 31)	15,418	-	14,016	-
2200	Other payables (Notes 14 and 20)	604,068	9	591,811	8
2230	Current tax liabilities (Note 27)	85,626	1	75,020	1
2250	Provisions - current (Notes 4, 14, and 21)	8,862	-	35,608	-
2280	Lease liabilities - current (Notes 4, 16, and 31)	34,050	1	38,633	1
2399	Other current liabilities (Note 20)	93,340	1	102,815	2
21XX	Total current liabilities	2,873,629	42	3,140,849	45
	Noncurrent liabilities				
2527	Contract liabilities - noncurrent (Notes 4, 14, 25, and 31)	39,335	1	-	-
2550	Provisions - noncurrent (Notes 4, 14, and 21)	-	-	41,418	1
2570	Deferred tax liabilities (Note 27)	67,214	1	60,578	1
2580	Lease liabilities - noncurrent (Notes 4, 16, and 31)	50,932	1	56,936	1
2640	Net defined benefit liability (Notes 4 and 22)	151,768	2	155,640	2
25XX	Total noncurrent liabilities	309,249	5	314,572	5
2XXX	Total liabilities	3,182,878	47	3,455,421	50
	Equity (Note 24)				
3110	Capital – common stock	1,237,426	18	1,237,426	17
3200	Capital surplus	628,629	9	628,374	10
	Retained earnings				
3310	Legal reserve	725,889	10	671,306	9
3320	Special reserve	-	-	56,639	1
3350	Undistributed earnings	1,098,808	16	916,958	13
3300	Total retained earnings	1,824,697	26	1,644,903	23
3400	Other equity	(29,604)	-	336	-
3XXX	Total equity	3,661,148	53	3,511,039	50
	Total liabilities and equity interests	$ 6,844,026	100	$ 6,966,460	100

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

Chairman: Zhen-Jiang Chen Managerial Officer: Chih-Feng Lee Accounting Officer: Ya-Min Chuang

China Ecotek Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

In Thousand of NTD, Except EPS

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating revenues (Notes 4, 14, 25, and 31)				
4100	Sales revenue	$ 136,189	1	$ 113,166	1
4500	Construction revenue	9,344,305	96	8,433,235	95
4600	Technical service revenue	278,832	3	297,652	4
4000	Total operating revenue	9,759,326	100	8,844,053	100
	Operating costs (Notes 10, 14, 26, and 31)				
5110	Cost of goods sold	108,226	1	86,363	1
5500	Construction costs	8,435,556	86	7,694,046	87
5600	Technical service costs	242,799	3	250,781	3
5000	Total operating costs	8,786,581	90	8,031,190	91
5900	Gross profit	972,745	10	812,863	9
5910	Less: Unrealized gain from sale	5,033	-	8,305	-
5920	Plus: Realized gain from sale	6,406	-	8,184	-
5950	Realized gross profit from operations	974,118	10	812,742	9
	Operating expenses (Notes 9 and 26)				
6100	Selling expenses	37,466	1	39,966	-
6200	General and administrative expenses	458,509	4	424,598	5
6300	Research and development expenses	12,115	-	14,793	-
6450	Expected credit loss	1,072	-	752	-
6000	Total operating expenses	509,162	5	480,109	5
6900	Operating profit	464,956	5	332,633	4
	Non-operating income and expenses (Notes 11, 26, and 31)				
7100	Interest income	91,265	1	59,209	1
7010	Other income	15,540	-	22,686	-
7020	Other profits and losses	(12,692)	-	86,304	1
7050	Financial costs	(1,354)	-	(815)	-
7060	Share of the profit of associates	128,145	1	111,885	1
7000	Total	220,904	2	279,269	3
7900	Profit before income tax	685,860	7	611,902	7

Code		2023 Amount	2023 %	2022 Amount	2022 %
7950	Income tax expense (Notes 4 and 27)	128,968	1	91,383	1
8200	Net profit for the year	556,892	6	520,519	6
	Other comprehensive income (Notes 22, 24, and 27)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of the net defined benefit	(12,107)	-	26,139	-
8316	Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	24,192	-	(29,286)	-
8317	Gains and losses on hedging instruments	(24,390)	-	58,485	1
8320	Share of the other comprehensive income of associates	(4,837)	-	(9,244)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	2,861	-	(11,068)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operations	(29,340)	(1)	57,026	-
8370	Share of the other comprehensive income of associates	1,943	-	3,264	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	5,868	-	(11,405)	-
8300	Other comprehensive income for the year, net of income tax	(35,810)	(1)	83,911	1
8500	Total comprehensive income in the current year	$ 521,082	5	$ 604,430	7
8610	Net profit attributable to owners of the Corporation	$ 556,892		$ 520,519	
8710	Total comprehensive income attributable to owners of the Corporation	$ 521,082		$ 604,430	
	Earnings per share (Note 28)				
9750	Basic	$ 4.50		$ 4.21	
9850	Diluted	4.48		4.18	

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

Chairman: Zhen-Jiang Chen Managerial Officer: Chih-Feng Lee Accounting Officer: Ya-Min Chuang

China Ecotek Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

In Thousand of NTD

		Equity attributable to owners of the Company											
		Capital - common stock			Retained earnings				Other equity				
Code		Shares (In thousand)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translating foreign operations	Unrealized gains and losses on financial assets at fair value through other comprehensive income	Gain and losses on hedging instruments	Total other equity	Total equity
A1	Balance at January 1, 2022	123,743 $	1,237,426 $	628,374	631,546	95,811	693,450 $	1,420,807 $	(103,630)	80,844	(33,853) $	(56,639) $	3,229,968
	Appropriation of 2021 earnings (Note 24)												
B1	Legal reserve	-	-	-	39,760	-	(39,760)	-	-	-	-	-	-
B3	Reversal special reserve	-	-	-	-	(39,172)	39,172	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(321,731)	(321,731)	-	-	-	-	(321,731)
		-	-	-	39,760	(39,172)	(322,319)	(321,731)	-	-	-	-	(321,731)
D1	Net income	-	-	-	-	-	520,519	520,519	-	-	-	-	520,519
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	26,900	26,900	48,885	(42,721)	50,847	57,011	83,911
D5	Total comprehensive income (loss)	-	-	-	-	-	547,419	547,419	48,885	(42,721)	50,847	57,011	604,430
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	36	36	-	(36)	-	(36)	-
T1	Adjustment from changes in equity of associate for using equity method	-	-	-	-	-	(1,628)	(1,628)	-	-	-	-	(1,628)
Z1	Balance at December 31, 2022	123,743	1,237,426	628,374	671,306	56,639	916,958	1,644,903	(54,745)	38,087	16,994	336	3,511,039
	Appropriation of 2022 earnings (Note 24)												
B1	Legal reserve	-	-	-	54,583	-	(54,583)	-	-	-	-	-	-
B3	Reversal special reserve	-	-	-	-	(56,639)	56,639	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(371,228)	(371,228)	-	-	-	-	(371,228)
		-	-	-	54,583	(56,639)	(369,172)	(371,228)	-	-	-	-	(371,228)
D1	Net income	-	-	-	-	-	556,892	556,892	-	-	-	-	556,892
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	(11,689)	(11,689)	(21,529)	16,599	(19,191)	(24,121)	(35,810)
D5	Total comprehensive income (loss)	-	-	-	-	-	545,203	545,203	(21,529)	16,599	(19,191)	(24,121)	521,082
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,819	5,819	-	(5,819)	-	(5,819)	-
T1	Adjustment from changes in equity of associate for using equity method	-	-	255	-	-	-	-	-	-	-	-	255
Z1	Balance at December 31, 2023	123,743 $	1,237,426 $	628,629 $	725,889 $	- $	1,098,808 $	1,824,697 $	(76,274) $	48,867 $	(2,197) $	(29,604) $	3,661,148

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

Chairman: Zhen-Jiang Chen　　Managerial Officer: Chih-Feng Lee　　Accounting Officer: Ya-Min Chuang

China Ecotek Corporation and Subsidiaries
Consolidated Cash Flow Statements
January 1 to December 31, 2023 and 2022

In Thousand of NTD

Code		2023	2022
	Cash flow from operating activities		
A10000	Profit before income tax	$ 685,860	$ 611,902
A20010	Adjustments for:		
A20100	Depreciation expense	58,046	54,374
A20200	Amortization expense	6,905	5,442
A20300	Expected credit loss	1,072	752
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	12,099	(85,590)
A20900	Financial costs	1,354	815
A21200	Interest income	(91,265)	(59,209)
A21300	Dividend income	(1,125)	(14,529)
A22300	Share of the profit of associates	(128,145)	(111,885)
A22500	Loss (Gain) on disposal of property, plant and equipment	483	(85)
A23700	Impairment loss on inventories	-	4,243
A23800	Gain from price recovery of inventory	(120)	-
A23900	Unrealized sales margin	5,033	8,305
A24000	Realized sales margin	(6,406)	(8,184)
A29900	Recognition of provisions	5,092	30,150
A29900	Others	168	(155)
A30000	Net changes in operating assets and liabilities		
A31120	Hedging financial assets	30,892	(177,540)
A31125	Contract assets	(784,290)	129,175
A31130	Notes receivable	43	(43)
A31150	Accounts receivable	190,781	(141,402)
A31160	Accounts receivable – related parties	67,353	35,515
A31180	Other receivables	(3,435)	1,794
A31200	Inventories	6,471	(12,422)
A31240	Other current assets	16,369	(41,906)
A32125	Contract liabilities	(545,609)	(120,995)
A32150	Accounts payable	187,239	(75,773)
A32160	Accounts payable - related parties	1,402	6,964
A32180	Other payables	(630)	60,565
A32200	Provisions	(26,223)	(30,422)
A32230	Other current liabilities	(612)	3,502
A32240	Net defined benefit liability	(15,979)	(81,884)
A33000	Cash used from operations	(327,177)	(8,526)
A33500	Income tax paid	(95,148)	(8,863)
AAAA	Net cash used from operating activities	(422,325)	(17,389)
B00010	Acquisition of financial assets at fair value through other comprehensive income	(29,052)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(14,811)	-
B00200	Disposal of financial assets at fair value through profit or loss	12,269	248,929
B02400	Refunded payments for shares from capital reduction of investee recognized under the equity method	4,861	-
B02700	Acquisition of property, plant and equipment	(192,130)	(119,119)
B02800	Proceeds from disposal of property, plant and equipment	201	85
B03800	Decrease in refundable deposits	3,880	59,587

Code		2023	2022
B04500	Acquisition of intangible assets	(9,709)	(10,036)
B06600	Decrease in other financial assets	230,721	318,005
B06700	Increase in other noncurrent assets	(1,163)	(399)
B07500	Interest received	64,883	60,342
B07600	Dividend received from associates	92,820	129,836
B07600	Dividend received from others	1,125	14,529
BBBB	Net cash generated in investing activities	163,895	701,759
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	100,000	-
C03000	Increase in guarantee deposit received	-	2,664
C03100	Decrease in guarantee deposit received	(8,863)	-
C04020	Repayment of principal of lease liabilities	(38,351)	(33,822)
C04500	Cash dividends paid	(371,228)	(321,731)
C05600	Interest paid	(1,331)	(815)
CCCC	Net cash used in financing activities	(319,773)	(353,704)
DDDD	Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(30,192)	58,247
EEEE	Net increase (decrease) in cash and cash equivalents	(608,395)	388,913
E00100	Cash and cash equivalents at the beginning of year	1,159,129	770,216
E00200	Cash and cash equivalents at the end of year	$ 550,734	$ 1,159,129

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

Chairman: Zhen-Jiang Chen　　Managerial Officer: Chih-Feng Lee　　Accounting Officer: Ya-Min Chuang

China Ecotek Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Company History

China Ecotek Corporation (the "Company") was established in March 1993, and its main shareholder is China Steel Corporation (owned 44.76% shares of the Company's voting shares; parent company has substantive control over the Company). The Company mainly engages in the planning, design, installation, maintenance, and environmental impact assessment for environmental protection equipment, co-generation equipment, and steel industry equipment. The shares of the Company have been listed on the Taiwan Stock Exchange since September 2001.

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

2. Date and Procedures of Approval of the Financial Statements

The consolidated financial statements were approved by the board of directors and authorized for issue on February 27, 2024.

3. Application of New Standards, Amendments, and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) were applied to the Company and entities controlled by the Company (hereinafter referred to as the "Company and Subsidiaries") for the first time.

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

(II) The IFRSs endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective date Announced by IASB (Note 1)
Amendments to IFRS 16"Leases Liability in a Sale and leaseback"	January 1, 2024(Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS7 and IFRS7 "Supplier Finance Arrangements"	January 1, 2024(Note 3)

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

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

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

As of the date the consolidated financial statements were passed by the Board of Directors and released, the Company and Subsidiaries have determined that other amendments to standards and interpretations will not have a material impact on its financial position and financial performance.

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective date Announced by IASB(Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

As of the date the consolidated financial statements were passed by the Board of Directors and released, the Company and Subsidiaries are still assessing the impact of other amendments to standards and interpretations on its financial position and financial performance, and will disclose the relevant impact once assessment is completed.

4. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and announced by the FSC.

(II) Basis of preparation

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

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

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

(III) Classification of current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;

2. Assets expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability more than 12 months after the date of balance sheet.

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

The operating cycle of the construction business is longer than 1 year; hence the construction business of the Company was divided into current and noncurrent according to the general operating cycle.

(IV) Basis of consolidation

The consolidated financial statements include financial statements of the Company and entities (subsidiaries) controlled by the Company. Financial statements of subsidiaries have been adjusted to align their accounting policy with the Consolidated Entity's accounting policy. Transactions, account balances, gains, and losses between individual entities were eliminated when preparing the consolidated financial statements.

The consolidated entities were as follows:

Investor	Name of subsidiary	Main Businesses	Shareholding (%) December 31, 2023	Shareholding (%) December 31, 2022	Notes
The Company	CEC International Corporation (CIC)	General investment	100	100	
	CEC Development Corporation (CDC)	General investment	100	100	
	China Ecotek India Private Limited	Construction engineering	0.1	0.1	
CIC company	China Ecotek India Private Limited	Construction engineering	99.9	99.9	
CDC company	Xiamen Mao Yu Import and Export Trading Ltd.	Sales agency for import and export of equipment and materials	100	100	
	China Ecotek Vietnam Company Limited (CEVC)	Construction engineering	100	100	

(V) Foreign currencies

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

Foreign currency-denominated monetary items are converted using the closing rate on each balance sheet date. Except for currency translation difference resulting from hedging transactions against exchange rate risk, the currency translation difference resulting from settlement or conversion of monetary items is recognized as income or loss in the current year.

Foreign currency-denominated nonmonetary items carried at fair value are converted at exchange rates on the date of fair value measurement. Currency translation differences are also recognized in current profit or loss; for items that have fair value changes recognized in other comprehensive income, currency translation differences are recognized in other comprehensive income.

Foreign currency-denominated nonmonetary items carried at historical costs are converted on the transaction date and are not re-converted.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation's entities (including subsidiaries and associates in other countries that use currency different from the currency of the Corporation) are translated into the presentation currency – New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

If the the Company and Subsidiaries disposes of all equity interests in a foreign operation, or dispose of a portion of equity interests in the subsidiary of a foreign operation but loses control, or the retained equity interest after disposing of an associate of a foreign operation is a financial asset accounted according to the accounting policy for financial instruments, all accumulated currency translation difference related to the foreign operation will be reclassified as profit or loss.

If disposal of a portion of equity interest in a foreign operation by a subsidiary does not result in loss of control, accumulated currency translation difference will be proportionally recognized as an equity transaction but not recognized as profit or loss. Accumulated currency translation difference is reclassified to gains/losses according to the percentage of foreign operations disposed of in any other part.

(VI) Inventory

Inventory includes raw materials, supplies, and finished goods. Inventories are measured at the lower of cost or net realizable value. Unless the inventories are in the same category, the cost and net realizable value is compared for each individual item. Net realizable value is the estimated selling price under normal circumstances, less the estimated cost of completion and selling expenses. The cost of inventories is calculated at weighted average method.

(VII) Investment in associates

An associate is an enterprise in which the Company and Subsidiaries have significant influence, but is not a subsidiary or a joint venture. Joint venture refers to an agreement between the Company and Subsidiaries with other companies to have joint control and rights over net assets.

The Company and Subsidiaries' investments in associates are recognized under the equity method. Under the equity method, investments in associates are originally recognized at cost, and then its book value adjusts along with the Company and Subsidiaries' share of profits, losses and other comprehensive income of associates and profit distribution. Furthermore, changes to equity interests of associates are recognized according to shareholding ratio.

When an associate issues new shares, if the Company and Subsidiaries do not subscribe for the shares according to their shareholding percentage and results in a change in shareholding percentage, which the resulting carrying amount of the investment differs from the amount of the Company and its subsidiaries’ proportionate interest in the associate, capital surplus and Investments accounted for using equity method will be adjusted according to the change. If ownership interest in an associate decreases due to not subscribing for or acquiring shares according shareholding ratio, all amounts previously recognized in other comprehensive income related to the associates will be reclassified according to the decreased percentage, and the basis for accounting treatment will be the same as if the associate had directly disposed of such assets or liabilities. If capital surplus needs to be decreased for the adjustment above and the balance of capital surplus from investments recognized under the equity method is insufficient, the difference is deducted from retained earnings.

When the Company and Subsidiaries are assessing impairment, the overall carrying amount of the investment is viewed as a single asset to compare the recoverable amount with carrying amount for impairment testing, and the impairment losses recognized is a part of the investment's carrying amount. Any reversal of impairment losses is recognized within the scope of increase in recoverable amount of the investment.

The Company and Subsidiaries stops using the equity method when the investee is no longer an associate, and retained interests in the original associate are measured at fair value. The difference between the fair value and proceeds from the disposal and carrying amount of the investment on the date the equity method is no longer used is listed as a profit or loss in the current year. All amounts previously recognized in other comprehensive income related to associates shall be accounted on the same basis as if the associate had directly disposed of such assets or liabilities.

Gains or losses arising from upstream, downstream, and lateral transactions between the Company and Subsidiaries with associates were not within the scope of control exercised by the Company and Subsidiaries over associates, and were recognized in the consolidated financial statements.

(VIII) Joint operations

Joint operations refer to an agreement between the Company and Subsidiaries with other companies to have joint control and rights to the assets and jointly responsible for liabilities.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

With regard to equity of joint operations, the Company and Subsidiaries recognize:

1. The assets include the share of any jointly owned assets.
2. The liabilities include the share of any jointly borne liabilities.
3. The revenue from the sale of their share of the output arising from the joint operation.
4. The share of the revenue from the sale of the output of the joint operation.
5. The expenses include the share of any jointly incurred expenses.

The Company and Subsidiaries handles assets, liabilities, revenues, and expenses related to their interests in a joint operation in according to the applicable standards.

The Company and Subsidiaries sell or invests assets to joint operations, profits or losses from the transaction are only recognized with the scope of equity interest other parties have in the joint operations. When the Company and Subsidiaries purchase assets from the joint operations, the share of the profit or loss is not recognized until the asset is sold to a third party.

(IX) Property, plant and equipment

Property, plant and equipment are recognized at cost initially, then measured in cost less accumulated depreciation.

Property, plant and equipment under construction are recognized at cost. Costs include professional service fees. When assets are completed and reach the expected state of use, they are classified to a suitable category under property, plant and equipment, and depreciated accordingly.

Property, plant and equipment depreciated in straight-line depreciation method. For each major part of property, plant and equipment recognized depreciation separately. The Company and Subsidiaries review estimating useful life, residual value, and depreciation method, at a minimum, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When derecognizing property, plant and equipment, the difference between net disposal proceeds and the book value is recognized as gains or losses.

(X) Investment properties

Investment properties are properties held to earn rentals.

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

The property of property, plant and equipment was reclassified to investment properties by carry amount at the end of self-use.

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

(XI) Intangible assets

1. Independently acquired

Independently acquired intangible assets with a limited useful life is initially measured at cost, and subsequently measured at cost less accumulated amortization. Intangible assets are amortized on straight-line depreciation method during their useful life. The Company and Subsidiaries review estimating useful life, residual value, and amortization method, at a minimum, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with an indefinite useful life are listed at cost less accumulated impairment losses.

2. Derecognition

When derecognizing intangible assets, the difference between net disposal proceeds and the book value is recognized as gains or losses in the current year.

(XII) Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets, and assets related to contract cost

The Company and Subsidiaries evaluate if there are any signs of impairment of property, plant and equipment, right-of-use assets, investment properties, and intangible assets on each date of balance sheet. If any signs of impairment exist, then estimate the asset's recoverable amount. If the recoverable amount cannot be estimated on an individual basis, the Company and Subsidiaries will instead estimate recoverable amounts for the cash generating unit that the asset belong. The recoverable amount of corporate assets is allocated to individual or the smallest identifiable cash generating unit with a reasonable and consistent basis.

Recoverable amounts are determined as the higher of "fair value less cost to sell" or the " value in use." If the recoverable amount of an individual asset or cash generating unit is expected to be lower than its book value, the Company will reduce the book value of the asset or cash generating unit down to the recoverable amount and recognize impairment loss to profit and loss.

Impairment losses of inventory, property, plant and equipment, and intangible assets recognized due to customer contracts are first recognized according to inventory impairment rules and the provision above. Second recognizing impairment loss due to the book value of assets related to contract costs exceeding the residual considerations that can be expected to be recovered from the provision of related products or professional services minus directly related costs. The book value of contract cost related assets is then calculated in the cash generating unit to assess the impairment of the cash generating unit.

When impairment losses are reversed, the book value of the asset, cash generating unit, or contract cost related asset is increased to the revised recoverable amount. However, the increased book value may not exceed the asset, cash generating unit, or contract cost related asset's book value in the previous year before impairment loss was recognized (less depreciation or amortization). Reversal of impairment losses is listed in profit and loss.

(XIII) Financial instruments

When the Company and Subsidiaries are a party to contractual provisions of the instruments, financial assets and financial liabilities are recognized in the consolidated balance sheet.

If financial assets and financial liabilities being recognized for the first time are not designated as at fair value through profit or loss, then they are measured at fair value plus transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are immediately recognized as profit or loss.

1. Financial assets

Regular way purchase or sale of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement category

Financial assets held by the Company and Subsidiaries include financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets for which the fair value is required to be measured through profit or loss. Financial assets required to be measured at fair value through profit or loss includes investments in equity instruments not specified by the Company and Subsidiaries to be measured at fair value through other comprehensive income, and investments in liability instruments that do not qualify to be measured at amortized cost or are measured at fair value through other comprehensive income.

For "financial assets at fair value through profit or loss," any profit or loss (including any dividends generated by the financial assets) from the remeasurement of fair value is listed in income. Please refer to Note 30 for methods for determining fair value.

B. Financial assets at amortized cost

Financial assets that the Company and Subsidiaries invests in are classified as financial assets at amortized cost if they meet both of the conditions below:

a. Held under a certain business model that aims to collect contractual cash flows from the financial asset; and
b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After recognizing financial assets at amortized cost (including cash and cash equivalents, accounts receivable (including related parties), other receivables, other financial assets, and refundable deposits), they are measured at gross carrying amount determined using the effective interest method less any impairment losses. Any foreign exchange gains or losses are recognized in profit and loss.

Except for the two situations below, interest income is calculated by multiplying the effective interest rate with the financial asset's gross carrying amount.

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset.
b. For financial assets that subsequently become credit-impaired financial assets, interest income is

calculated by multiplying the effective interest rate by the amortized cost of the financial asset.

Credit-impaired financial assets mean that the issuer or debtor has encountered major financial difficulties, defaulted, may very likely declare bankruptcy or other debt restructuring, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include deposit account and commercial paper with original maturities within 3 months from the date of acquisition, high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income

The Company and Subsidiaries may make an irreversible decision during initial recognition to measure equity instruments, which are not held for trading and not recognized from mergers and acquisitions, at fair value through other comprehensive income.

Investments in equity instruments designated at fair value through other comprehensive income are measured at fair value, and subsequent changes to fair value are listed in other comprehensive income and accumulated in other equity. When disposing of investments, accumulated profit or loss is directly transferred to retained earnings and not reclassified as profit or loss.

Dividends from equity instruments designated at fair value through other comprehensive income are recognized in income when the Company and Subsidiaries are determined to have the right to receive the dividends, unless the dividends clearly represent the recovery of partial investment costs.

(2) Impairment of financial assets and contract assets

The Company and Subsidiaries evaluate the impairment loss of financial assets at amortized cost (including accounts receivable) and contract assets using expected credit losses (ECL) on each date of balance sheet.

An allowance to reduce is recognized for lifetime ECL for accounts receivables and contract assets. For other financial assets, whether or not credit risk has significantly increased after the financial asset was recognized is first evaluated. If it has not significantly increased, then an allowance to reduce is recognized for 12-month ECL. If it has significantly increased, then an allowance to reduce is recognized for lifetime ECL.

ECL is the weighted average credit loss using the risk of default as weights. 12-Month ECL is the ECL from potential default on the financial instrument within 12 months after the reporting date. Lifetime ECL is the ECL from potential default during the expected lifetime of the financial instrument.

For the purpose of internal credit risk management, the Company and Subsidiaries may deem a financial asset to be in default in the event of any one of the following situations without considering collateral:

A. There is internal or external information showing that the debtor is no longer able to repay debts.
B. More than 120 days late, unless there is reasonable information with evidence supporting that it is better to extend the deadline for determining default.

The impairment loss on all financial assets is recognized by lowering the book value of the allowance account.

(3) Derecognition of financial assets

The Company and Subsidiaries derecognize financial assets when the contractual rights to the cash inflow from the financial asset are terminated or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

When derecognizing a financial asset at amortized cost, the difference between book value and consideration received is recognized in gains or losses. When derecognizing investments in equity instruments at fair value through other comprehensive income, accumulated profit or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Company and Subsidiaries are recognized at the price amount obtained less the direct issue costs.

3. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

When a financial liability is derecognized, difference between it's carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

(XIV) Hedge accounting

The Company and Subsidiaries engage in cash flow hedges using designated hedging tools (including non-derivative tools for avoiding exchange rate risk). Cash flow hedges are used for hedging against exchange rate risks of firm commitments.

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

When a hedged item is recognized as profit or loss, the amount originally recognized in other comprehensive income will be reclassified to profit or loss in the same accounting period, and recognized under hedged items in the Consolidated Statement of Comprehensive Income. However, if a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company and Subsidiaries only extend or suspend hedge accounting when the hedging relationship no longer meets the criteria of hedge accounting. This includes the maturity, sale, termination, or exercise of hedging tools. The amount already recognized in other comprehensive income during the effective period of the hedge is still recognized in equity before the expected transaction occurs. When the expected transaction is no longer expected to occur, the amount originally recognized in other comprehensive income will be immediately recognized in profit or loss.

(XV) Provision

The amount recognized as provision gives considers to the risk and uncertainty of obligations. It represents the best estimate of the cash outlay needed to settle obligations on the date of balance sheet. Provision is measured at the discounted cash flow required to settle obligations.

1. Onerous contracts of projects

When the Company and Subsidiaries expect that unavoidable costs of fulfilling obligations of a construction contract will exceed the economic benefits expected to be obtained from the contract, the present obligation of the project's onerous contract is recognized as a provision. When evaluating whether a contract is lossing, the contract cost includes both incremental cost and other allocated direct costs.

2. Decommissioning and maintenance reserve

When equipment maintenance reserve is recognized as an expense in the current year according to commercial practices, and there is new information that makes it necessary to revise previous estimates, a change in accounting estimate is made to adjust the profit or loss in the current year. When maintenance costs are paid, the equipment maintenance reserve is first offset, and any shortfall is recognized as an expense in the current year.

(XVI) Revenue recognition

After the Company and Subsidiaries identify its contractual obligations with each customer, it allocates the transaction price to each contractual obligation, and then recognizes revenue when each contractual obligation is fulfilled.

1. Sale of goods

Sales revenue is recognized when the Company and Subsidiaries fulfill contractual obligations by transferring goods to the customer (in principle, when the goods are shipped for domestic sales and when the goods are loaded on to the ship for exports).

Sales revenue is measured at the fair value of considerations (after commercial discounts and quantity discounts) agreed to by the Company and Subsidiaries with customers. For contracts in which the transfer of goods and collection of consideration is less than one year apart, the trading price of its significant financing component is not adjusted.

2. Construction revenue

Revenue from construction contracts is gradually recognized by the Company and Subsidiaries in the construction process. The costs incurred by construction are directly related to the fulfillment of contractual obligations, so the Company and Subsidiaries estimate progress based on the ratio of actual costs to the estimated total project cost. The Company and Subsidiaries gradually recognize contract assets in the construction process, and list them under accounts receivable when an invoice is issued. If the construction payment collected exceeds the amount recognized in revenue, the difference is recognized in contract liabilities. Pursuant to the terms and conditions of contracts, the purpose of construction retainage is to ensure that the Company and Subsidiaries complete all contractual obligations, and is recognized as a contract asset before the Company and Subsidiaries complete contract performance.

3. Provision of labor services

Revenue from the provision of labor services according to a contract is recognized according to the progress of contract completion.

(XVII) Lease

On the date a contract is formed, the Company and Subsidiaries evaluate if the contract is (or includes) a lease.

<u>Where the Company and Subsidiaries is the lessee</u>
Except for low value asset leases and short-term leases, for which lease payments are recognized as expenses on a straight-line basis over the lease tenor, other leases are all recognized as right-of-use assets and lease liabilities from the start date of the lease.

Right-of-use assets are initially measured at cost (including the original amount of lease liabilities), and are subsequently measured at cost less accumulated depreciation and accumulated impairment loss, with adjustments made to the remeasurement of lease liabilities. Right-of-use assets are independently presented in the consolidated balance sheet.

Depreciation of right-of-use assets is recognized on a straight-line basis from the start date of the lease until the expiry of its useful life or lease tenor, whichever is earlier.

Lease liabilities (including fixed payments and variable lease payments determined by an index or rate) are initially measured at the present value of lease payments. If the interest rate implicit in a lease is easy to determine, then lease payments will be discounted using the interest rate. If the interest rate is not easy to determine, then the lessee's incremental borrowing rate of interest is used.

In subsequent periods, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is recognized over the lease term. If there is a change to the lease tenor or the index or fee rate used to determine lease payments that results in a change in future lease payments, the Company and Subsidiaries will remeasure lease liabilities and adjust corresponding right-of-use assets. However, if the carrying amount of right-of-use assets has been reduced to zero, then the remaining remeasurement amount will be recognized in profit or loss. Lease liabilities are independently presented in the consolidated balance sheet.

Where the Company and Subsidiaries are the lessor

Proceeds received for an operating lease are recognized as income on a straight-line basis over the lease tenor. All initial and direct costs incurred in relation to the negotiation and arrangement of operating leases are added to the book value of the lease asset, and recognized as gains using the straight-line basis over the lease tenor. Under an operating lease agreement, contingent rent is recognized as gains in the year of occurrence.

(XVIII) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assests, until such time as the assets are substantially ready for their intended use or sale.

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

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

(XIX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits-related liabilities are measured at the undiscounted amount of the benefits expected to be paid in exchange for employee services.

2. Post-employment benefit

For defined contribution plans, pension contributions made by the Company over the course of employment are listed as expenses; the cost of defined benefits (including service cost, net interest, and number of remeasurement) for defined benefit plans is calculated using the projected unit credit method. Service costs (including service costs in the current year) and net interest accrued on net defined benefit liabilities are recognized as employee benefit expenses when they occur. The number of remeasurement (including calculation of income and losses and return on assets of the plans less interest) is recognized in other comprehensive income when it occurs and listed in retained earnings, and is not reclassified to profit or loss.

Net defined benefit liability is the deficit of contributions to defined benefit plans.

(XX) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The Company and Subsidiaries determines current income (loss) according to the regulations enacted by each income tax reporting jurisdiction, and calculates the income tax payable (recoverable) on this basis.

Income tax on undistributed earnings is calculated in accordance with the Income Tax Act and recognized in the year the resolution is adopted by the shareholders' meeting.

An adjustment to the income tax payable in the previous year is listed as the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities from the taxable income that was calculated. Deferred income tax liabilities are generally recognized based on the taxable temporary difference, and deferred income tax assets are recognized when there is likely to be taxable income to offset the temporary difference.

Taxable temporary differences relating to subsidiaries and associates are recognized as deferred income tax liabilities, except in cases where the Company and Subsidiaries are able to control the timing of which temporary differences are reversed, and that such temporary differences are highly unlikely to reverse in the foreseeable future. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to offset the temporary differences, and that reversal is expected to occur in the foreseeable future.

The book value of deferred income tax assets is reexamined on each date of balance sheet, and the book value is reduced if it is not very likely there will be sufficient taxable income to recover all or a part of the assets. Those that were not recognized as deferred income tax assets are also reexamined on each date of balance sheet, and the book value is increased if it is very likely there will be sufficient taxable income to recover all or a part of the assets.

Deferred income tax assets and liabilities are measured using the tax rate in the year in which liabilities are expected to be paid off or assets are expected to be realized. The tax rate is based on the tax rate and tax law that has been enacted or substantially enacted on the date of balance sheet. The measurement of deferred income tax liabilities and assets reflects on the tax effects of the ways the Company expects to recover or pay off the book value of its assets or liabilities on the date of balance sheet.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except for items that are bound to be recognized under other comprehensive income or directly as other equity items.

5. Critical accounting judgments and key sources of estimation uncertainty

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

The management will continuously review the estimates and underlying assumptions when developing significant accounting estimates in the Company.

<u>Key Sources of Estimation Uncertainty</u>

<u>Construction contracts</u>

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Incentives and penalties stipulated in the contract are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts.

6. Cash and cash equivalents

	December 31,2023	December 31,2022
Cash on hand	$ 1,413	$ 1,491
Checking accounts and demand deposits	181,218	220,768
Cash equivalents (investments with original maturities of less than 3 months)		
Commercial papers	270,000	800,000
Time deposits	98,103	136,870
	$ 550,734	$ 1,159,129

7. Financial instruments at fair value through profit or loss

	December 31,2023	December 31,2022
Current		
Mandatorily measure at FVTPL		
Non-derivative financial assets		
Emerging market shares in Taiwan	$ 85,081	$ 94,311
Noncurrent		
Mandatorily measure at FVTPL		
Non-derivative financial assets – Unlisted shares in Taiwan	$ 31,880	$ 32,207

8. Financial instruments at fair value through other comprehensive income

	December 31,2023	December 31,2022
Current		
Equity instrument investments		
Listed shares	$ 31,050	$ -

	December 31,2023	December 31,2022
Noncurrent		
Equity instrument investments		
Foreign investments – Unlisted shares	$ 124,976	$ 102,782

9. Notes, Accounts receivable and other receivables

	December 31,2023	December 31,2022
Notes receivable		
Measured at amortized cost	$ -	$ 43
Accounts receivable (including related parties)		
Measured at amortized cost	$ 646,129	$ 905,035
Less: Loss allowance	1,037	771
	$ 645,092	$ 904,264
Other receivables		
Interest receivable	$ 54,239	$ 27,857
Others	3,647	212
	$ 57,886	$ 28,069

(I) Accounts receivable

The Company and Subsidiaries' accounts receivable are measured at amortized cost. The Company and Subsidiaries' make prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Company and Subsidiaries' continue to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

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

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

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

The following table details the loss allowance of accounts receivable based on the impaired aging analysis.

December 31,2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 635,531	$ 221	$ 11	$ 10,366	$ -	$ 646,129
Loss allowance (Lifetime ECL)	-	-	-	(1,037)	-	(1,037)
Amortized cost	$ 635,531	$ 221	$ 11	$ 9,329	$ -	$ 645,092

December 31,2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 733,091	$ 63	$ 171,153	$ -	$ 771	$ 905,078
Loss allowance (Lifetime ECL)	-	-	-	-	(771)	(771)
Amortized cost	$ 733,091	$ 63	$ 171,153	$ -	$ -	$ 904,307

The movements of the loss allowance of accounts receivable were as follows:

	2023	2022
Balance, beginning of the year	$ 771	$ -
Recognition	1,072	752
Written off	(772)	-
Effect of foreign currency exchange difference	(34)	19
Balance, end of the year	$ 1,037	$ 771

(II) Other receivables

The Company and Subsidiaries estimate the unrecoverable amount based on its historical experience and analysis of current financial position, and allocates an allowance to reduce accordingly.

There was no loss provision balance as at December 31, 2023 and 2022.

10. Inventory

	December 31,2023	December 31,2022
Raw materials	$ 4,712	$ 4,595
Supplies	1,601	322
Finished goods	6,992	14,739
	$ 13,305	$ 19,656

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 were NT$108,226 thousand and NT$86,363 thousand, respectively, including reversal of loss on inventory NT$120 thousand and loss on inventory NT$4,243 thousand, respectively. Reversal of loss on inventory was mainly due to the impact of price fluctuations in the market.

11. Investments recognized under the equity method

	December 31,2023	December 31,2022
Material associates		
China Steel Machinery Corporation (CSMC)	$ 558,730	$ 529,821
CSC Solar Corporation (CSCSOLAR)	293,643	280,240
	852,373	810,061
Associates that are not individually material	212,093	225,446
	$ 1,064,466	$ 1,035,507

(I) Material associates

Name of Associate	Main Businesses	Principal place of business	Shareholding and voting rights (%) December 31, 2023	Shareholding and voting rights (%) December 31, 2022
CSMC	Production and sales of machinery and equipment, such as steel equipment, railway vehicles, transportation equipment, and power generators	Kaohsiung City	26.02	26.02
CSCSOLAR	Solar power generation	Kaohsiung City	20	20

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

CSMC

	December 31,2023	December 31,2022
Current assets	$ 3,862,592	$ 3,776,675
Noncurrent assets	1,296,783	1,367,849
Current liabilities	(2,842,659)	(2,836,946)
Noncurrent liabilities	(169,407)	(271,372)
Equity	$ 2,147,309	$ 2,036,206
Proportion of the Corporation and its subsidiaries ownership (%)	26.02	26.02

	December 31,2023	December 31,2022
Equity attributable to the Corporation and its subsidiaries (carrying amount of the investment)	$ 558,730	$ 529,821

	2023	2022
Operating revenue	$ 5,511,709	$ 6,106,697
Net profit for the year	$ 391,776	$ 293,158
Other comprehensive income	(1,991)	50,197
Total comprehensive income	$ 389,785	$ 343,355

CSCSOLAR

	December 31,2023	December 31,2022
Current assets	$ 167,577	$ 148,887
Noncurrent assets	4,154,301	4,122,408
Current liabilities	(950,131)	(969,251)
Noncurrent liabilities	(1,402,628)	(1,393,073)
Equity	$ 1,969,119	$ 1,908,971
Proportion of the Corporation and its subsidiaries ownership (%)	20	20
Equity attributable to the Corporation and its subsidiaries	$ 393,824	$ 381,794
Unrealized gains or losses resulting from transactions	(100,181)	(101,554)
Carrying amount of the investment	$ 293,643	$ 280,240

	2023	2022
Operating revenue	$ 527,517	$ 482,647
Net profit for the year	$ 116,446	$ 121,014
Other comprehensive income	4,742	(2,380)
Total comprehensive income	$ 121,188	$ 118,634

(II) Aggregate information of associates that are not individually material

		2023		2022
The Company and its subsidiaries' share of				
Net profit for the year	$	2,908	$	11,392
Other comprehensive income		(3,562)		(18,564)
Total comprehensive income	$	(654)	$	(7,172)

The Company held more than 20% of the shares with its parent company CSC and fellow subsidiaries are accounted for using the equity method.

Refer to Table 5 "Information on Investees" and Table 6"Information on Investments in Mainland China" for the nature of business, principal place of business, and country of registration of the investees above.

12. Hedging financial assets and other financial assets

		December 31,2023		December 31,2022
Financial assets for hedging - current				
Time deposits	$	825,449	$	654,994
Demand deposits		103,811		329,548
	$	929,260	$	984,542

The Company and Subsidiaries purchases foreign currency bank deposits to pay for materials purchased from other countries for construction projects, in order to lower the cash flow risk generated by exchange rate fluctuations. Please refer to Note 30.

		December 31,2023		December 31,2022
Other financial assets – current				
Time deposits with original maturities more than 3 months	$	516,940	$	652,621
Restricted bank deposits (Note 32)		4,708		251,553
	$	521,648	$	904,174

Other financial assets – noncurrent	December 31,2023	December 31,2022
Time deposits	$ 239,267	$ 87,462

13. Other current assets

	December 31,2023	December 31,2022
Prepaid sales tax and excess VAT paid	$ 85,866	$ 90,881
Advance payments	45,347	43,205
Temporary payments	37,573	57,968
Refundable deposits	19,824	24,876
Others	6,993	94
	$ 195,603	$ 217,024

14. Joint control operations

Since March 2004, the Company and jointly contracted were contracted to jointly operate and maintain water treatment equipment of Chengcing Lake water treatment plant for a 15-year period until February 2019. The Company obtained a new contract to February 2022, and according to the agreement in the contract the performance period was extended to February 2025. According to the contract, operation and maintenance work should be jointly controlled and operated by both parties. The assets, liabilities, revenue and costs related to this project are shared by the Company (51%) and foreign contractor (49%). A bank account for working capital was opened in the Company's name.

Items handled by the contractor include:

	December 31,2023	December 31,2022
Demand deposits	$ 92,747	$ 111,491
Temporary receipts (funds collected on behalf of the joint company)	$ 42,613	$ 46,586

As of December 31, 2023 and 2022, the bank has provided Taiwan Water Corporation with a performance guarantee of NT$51,000 thousand.

The Company recognized the following amounts of assets, liabilities, revenue, and costs of joint operations in the consolidated financial statements:

(1) Assets

	December 31,2023	December 31,2022
Demand deposits	$ 47,301	$ 56,860

(2) Liabilities

	December 31,2023	December 31,2022
Contract liabilities (including current and noncurrent)	$ 18,708	$ -
Other payables (Note 20)	12,787	19,648
Provision (including current and noncurrent)	-	18,198
	$ 31,495	$ 37,846

(3) Revenues and costs

	2023	2022
Operating revenue	$ 134,960	$ 158,116
Operating costs	130,387	136,761
Gross profit	$ 4,573	$ 21,355

15. Property, plant and equipment

(I) Changes in costs and accumulated depreciation are as follows:

2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold improvements	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
Balance at January 1	$ 205,627	$ 96,469	$ 99,721	$ 6,619	$ 63,113	$ 43,360	$ 5,031	$ 519,940
Additions	-	-	9,974	1,511	4,652	10,145	279,808	306,090
Disposals	-	-	(3,972)	(738)	-	(6,963)	-	(11,673)
Reclassify	-	-	-	-	-	-	131	131
Effect of foreign currency exchange differences	-	-	-	-	(155)	(1)	-	(156)
Balance at December 31	$ 205,627	$ 96,469	$ 105,723	$ 7,392	$ 67,610	$ 46,541	$ 284,970	$ 814,332
Accumulated depreciation								
Balance at January 1	$ -	$ 50,680	$ 58,693	$ 5,436	$ 59,933	$ 34,648	$ -	$ 209,390
Depreciation	-	2,076	8,345	397	3,374	6,066	-	20,258
Disposals	-	-	(3,291)	(738)	-	(6,960)	-	(10,989)

2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold improvements	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Effect of foreign currency exchange differences	-	-	-	-	(7)	(1)	-	(8)
Balance at December 31	$ -	$ 52,756	$ 63,747	$ 5,095	$ 63,300	$ 33,753	$ -	$ 218,651
Carrying amount at December 31	$ 205,627	$ 43,713	$ 41,976	$ 2,297	$ 4,310	$ 12,788	$ 284,970	$ 595,681

2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold improvements	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
Balance at January 1	$ 529,148	$ 96,469	$ 117,977	$ 6,667	$ 63,113	$ 42,962	$ 500	$ 856,836
Additions	-	-	7,473	-	-	4,895	4,531	16,899
Disposals	-	-	(25,729)	(48)	-	(4,501)	-	(30,278)
Reclassify to investment property	(323,521)	-	-	-	-	-	-	(323,521)
Effect of foreign currency exchange differences	-	-	-	-	-	4	-	4
Balance at December 31	$ 205,627	$ 96,469	$ 99,721	$ 6,619	$ 63,113	$ 43,360	$ 5,031	$ 519,940
Accumulated depreciation								
Balance at January 1	$ -	$ 48,563	$ 77,171	$ 5,040	$ 55,395	$ 34,543	$ -	$ 220,712
Depreciation	-	2,117	7,251	444	4,538	4,602	-	18,952
Disposals	-	-	(25,729)	(48)	-	(4,501)	-	(30,278)
Effect of foreign currency exchange differences	-	-	-	-	-	4	-	4
Balance at December 31	$ -	$ 50,680	$ 58,693	$ 5,436	$ 59,933	$ 34,648	$ -	$ 209,390
Carrying amount at December 31	$ 205,627	$ 45,789	$ 41,028	$ 1,183	$ 3,180	$ 8,712	$ 5,031	$ 310,550

(II) Useful life

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main building	35-55 years
Renovation	10 years
Machinery and equipment	3-10 years
Transportation equipment	3-10 years
Leasehold improvements	4-10 years
Other equipment	3-10 years

16. Lease agreement

(I) Right-of-use assets

	December 31,2023	December 31,2022
Right-of-use assets		
Land	$ 3,383	$ 10,150
Buildings	65,052	71,554
Machinery	572	1,000
Transportation equipment	16,531	12,897
	$ 85,538	$ 95,601

	2023	2022
Additions to right-of-use assets	$ 28,833	$ 34,272
Depreciation charge for right-of-use assets		
Land	$ 6,766	$ 6,766
Buildings	21,448	20,077
Machinery	428	428
Transportation equipment	9,146	8,151
	$ 37,788	$ 35,422

Except for the additions and depreciation charge above, there was no significant sub-lease and impairment of the Company and Subsidiaries' right-of-use assets in 2023 and 2022.

(II) Lease liabilities

	December 31,2023	December 31,2022
Carrying amounts of Lease liabilities		
Current	$ 34,050	$ 38,633
Non-current	$ 50,932	$ 56,936

The annual discount rate (%) of lease liabilities was as follows:

	December 31,2023	December 31,2022
Land	0.56	0.56

	December 31,2023	December 31,2022
Buildings	0.56-1.71	0.56-1.71
Machinery	0.57	0.57
Transportation equipment	0.56-1.68	0.56-1.68

(III) Important lease activities and clauses

The Company leased factories, land, and offices for operations from non-related parties Pwu Diing Enterprise Co., Ltd., You Cheng Enterprise Co., Ltd., Port of Taichung, and Jye Chi Corporation, and the parent company CSC with a lease period of 3-10 years. Subsidiaries CEVC and Xiamen Mao Yu Import and Export Trading Ltd. leased offices for operations from non-related parties in Vietnam and China Xiamen for 5 years.

(IV) Other lease information

	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 11,918	$ 10,984
Expenses relating to variable leases payments not included in the measurement of lease liabilities	$ 2,321	$ 1,446
Total cash outflow for leases	$ 53,783	$ 47,066

For buildings and transportation equipments which qualify as short-term leases and as low-value asset leases, the Company and Subsidiaries have elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

For the agreement of the Company to lease its own investment properties, please refer to Note 17.

17. Investment propertieies

	December 31,2023	December 31,2022
Land	$ 323,521	$ 323,521

The fair value of investment property on December 31, 2023 was NT$361,000 thousand. The fair value has not been evaluated by an independent evaluator, but was measured by the company's management with reference to market evidence of similar real estate transaction prices using level 3 input values.

Future minimum leases for operating leases had been fully charged.

The investment property is ownd by the Company.

For the leased transactions to related parties, please refer to Note 31.

18. Borrowings

	December 31,2023	December 31,2022
Unsecured loans	$ 100,000	$ -
Interest rate (%)	1.66	-

19. Accounts payable

The Company and Subsidiaries' accounts payable (including related parties) are all incurred due to business operations, and the Company and Subsidiaries do not provide collateral to creditors for accounts payable (including related parties).

The Company and Subsidiaries established a financial risk management policy to ensure all payables are repaid within the credit period agreed to in advance, hence interest does not need to be added.

Accounts payable include construction retainage in construction contracts. Interest is not accrued on construction retainage, and is paid after the retention period of the construction contract ends. The retention period is the normal business cycle of the Company and Subsidiaries, and usually exceeds 1 year.

20. Other liabilities

Current	December 31,2023	December 31,2022
Other payables		
Salaries and bonus	$ 515,319	$ 475,533
Compensation of employees and remuneration of directors	28,331	31,355
Equipment operation and maintenance expenses (Note 14)	12,787	19,648
Business tax	-	33,552
Others	47,631	31,723
	$ 604,068	$ 591,811
Other current liabilities		
Temporary receipts	$ 44,246	$ 48,229
Collections for third parties	29,282	25,911
Refund liabilities	14,952	23,815
Others	4,860	4,860
	$ 93,340	$ 102,815

21. Provision

	December 31,2023	December 31,2022
Current		
Onerous contracts	$ 8,862	$ 18,503
Decommissioning and maintenance reserve	-	17,105
	$ 8,862	$ 35,608
Non-current		
Decommissioning and maintenance reserve	$ -	$ 41,418

	Onerous contracts	Decommissioning and maintenance reserve	Total
Balance at January 1,2023	$ 18,503	$ 58,523	$ 77,026
Recognized (Reversal)	8,505	(3,413)	5,092
Paid	(18,137)	(8,086)	(26,223)
Reclassify	-	(47,024)	(47,024)
Effect of foreign currency exchange differences	(9)	-	(9)
Balance at December 31,2023	$ 8,862	$ -	$ 8,862
Balance at January 1,2022	$ 23,919	$ 53,358	$ 77,277
Recognized	2,200	27,950	30,150
Paid	(7,637)	(22,785)	(30,422)
Effect of foreign currency exchange differences	21	-	21
Balance at December 31,2022	$ 18,503	$ 58,523	$ 77,026

22. Post-employment benefit

(I) Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Furthermore, overseas subsidiaries make pension contributions according to local laws and regulations, which are classified as a defined contribution plan.

(II) Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

The amount of defined benefit plans included in the consolidated balance sheet is as follows:

	December 31,2023	December 31,2022
Present value of defined benefit obligation	$ 626,653	$ 605,305
Fair value of plan assets	(474,885)	(449,665)
Net defined benefit liabilities	$ 151,768	$ 155,640

Movements of net defined benefit liabilities were as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1,2023	$ 605,305	$ (449,665)	$ 155,640
Service cost			
Current service cost	9,420	-	9,420
Interest expense (income)	9,080	(6,919)	2,161
Recognized in profit or loss	18,500	(6,919)	11,581

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,596)	(2,596)
Actuarial loss - changes in financial assumptions	13,958	-	13,958
Actuarial loss - experience adjustments	745	-	745
Recognized in other comprehensive income	14,703	(2,596)	12,107
Benefits paid	(11,855)	7,436	(4,419)
Contributions from the employer	-	(23,141)	(23,141)
Balance at December 31,2023	$ 626,653	$ (474,885)	$ 151,768
Balance at January 1,2022	$ 618,862	$ (355,199)	$ 263,663
Service cost			
Current service cost	11,073	-	11,073
Interest expense (income)	3,067	(1,784)	1,283
Recognized in profit or loss	14,140	(1,784)	12,356
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(24,402)	(24,402)
Actuarial gain - changes in financial assumptions	(16,455)	-	(16,455)
Actuarial loss - experience adjustments	14,718	-	14,718
Recognized in other comprehensive income	(1,737)	(24,402)	(26,139)
Benefits paid	(25,960)	16,098	(9,862)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Contributions from the employer	-	(84,378)	(84,378)
Balance at December 31,2022	$ 605,305	$ (449,665)	$ 155,640

Summary of defined benefit plans recognized in profit or loss by function:

	2023	2022
Summary by function		
Operating costs	$ 9,407	$ 9,204
Selling expenses	336	445
Administrative expenses	1,778	2,649
R&D expenses	60	58
	$ 11,581	$ 12,356

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1. Investment risks

The Bureau of Labor Funds (BLF), Ministry of Labor (MOL) invests the labor pension fund in domestic (overseas) equity securities, bonds, and bank deposits at its own discretion and through mandated investments. However, the distributable amount of assets may not be lower than gains calculated using the interest rate for 2-year time deposits at local banks.

2. Interest rate risk

A decrease in government bond interest rate will cause the present value of defined benefit liabilities to increase. However, this will be partially offset by an increase in the return on the plan's debt investments.

3. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	1.250	1.500
Estimated salary growth rate (%)	3.500	3.500
Mortality rate	Sixth Taiwan Standard Ordinary Experience Mortality Table	Sixth Taiwan Standard Ordinary Experience Mortality Table
Employee turnover rate (%)	0-4.0	0-4.0
Disability rate	10% of mortality rate	10% of mortality rate

If a reasonable change to a significant actuarial assumption occurs while all other assumptions remain the same, the amount of increase (decrease) in the present value of defined benefit liabilities is as follows:

	December 31,2023	December 31,2022
Discount rate		
0.25% increase	$ (13,958)	$ (14,391)
0.25% decrease	$ 14,418	$ 14,888
Expected rate of salary increase		
0.25% increase	$ 13,891	$ 14,371
0.25% decrease	$ (13,521)	$ (13,967)

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

	December 31,2023	December 31,2022
The expected contributions to the plan for the next year	$ 18,842	$ 23,289
The average duration of the defined benefit obligation	8.8 years	9.6 years

23. Asset and liability maturity analysis

Assets and liabilities of the Company and Subsidiaries related to environmental protection projects are divided into current and noncurrent based on business cycle. Accounts are listed by amount expected to be collected or paid within 1 year or longer than 1 year after the balance sheet date:

December 31,2023	Within 1 Year	Over 1 Year	Total
Assets			
Contract assets-current	$ 1,250,470	$ 24,413	$ 1,274,883
Accounts receivable (including related parties)	645,092	-	645,092
Restricted bank deposits - recognized in other financial assets	521,298	350	521,648
Refundable deposits - recognized in other current assets	19,824	-	19,824
	$ 2,436,684	$ 24,763	$ 2,461,447
Liabilities			
Contract liabilities - current	$ 1,055,878	$ -	$ 1,055,878
Accounts payable (including related parties)	817,499	54,462	871,961
Provisions - current	2,367	6,495	8,862
Refund liabilities-current - recognized in other current liabilities	8,385	6,567	14,952
	$ 1,884,129	$ 67,524	$ 1,951,653

December 31,2022	Within 1 Year	Over 1 Year	Total
Assets			
Contract assets-current	$ 351,848	$ 138,745	$ 490,593
Notes receivable	43	-	43
Accounts receivable (including related parties)	904,264	-	904,264
Restricted bank deposits - recognized in other financial assets	251,203	350	251,553
Refundable deposits - recognized in other current assets	16,095	8,781	24,876
	$ 1,523,453	$ 147,876	$ 1,671,329

	Within 1 Year	Over 1 Year	Total
Liabilities			
Contract liabilities - current	$ 1,276,621	$ 337,021	$ 1,613,642
Accounts payable (including related parties)	626,664	56,656	683,320
Provisions - current	15,425	3,078	18,503
Refund liabilities-current - recognized in other current liabilities	16,143	7,672	23,815
	$ 1,934,853	$ 404,427	$ 2,339,280

24. Equity

(I) Capital – common stock

	December 31,2023	December 31,2022
Number of shares authorized (in thousands)	220,000	220,000
Authorized capital	$ 2,200,000	$ 2,200,000
Number of shares issued and fully paid (in thousands)	123,743	123,743
Issued capital	$ 1,237,426	$ 1,237,426

The Company's common shares have a face value of NT$10. Each share is entitled to one voting right and the right to receive dividends.

(II) Capital surplus

	December 31,2023	December 31,2022
May be used to offset deficit, distribute cash or transfer to share capital (see Note below)		
Additional paid-in capital	$ 628,364	$ 628,364
May be used to offset deficit only		
Gains on the disposal of fixed assets	10	10

	December 31,2023	December 31,2022
Adjustment from changes in equity of associate for using equity method	255	-
	265	10
	$ 628,629	$ 628,374

Note: The capital surplus could be used to offset a deficit and distribute as cash dividends or transfer to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital).

(III) Retained earnings and dividend policy

Pursuant to the Articles of Incorporation, if there is a profit after year-end closing, after compensating for losses of previous years, it shall be distributed in the following order:

1. Appropriate 10% as the legal reserve, until the aggregate amount has reached the Company's paid-in capital.
2. Set aside or reverse a special reserve depending on operating needs and regulatory requirements.
3. Where there are still distributable earnings, the board of directors shall then submit an earnings distribution proposal to the shareholders' meeting for approval.

The Company is in a high-tech engineering market with stable growth and also develops diverse strategies at the same time. The Company also expands the business operating foundation in the development of investment plans, including environmental protection and energy etc. During the formulation of the proposal for distribution of earnings by the board of directors, it is necessary to consider the stability of dividends. Except when there is need for capital, the earnings distributed each year shall account for more than 50 percent of the distributable earnings, and where the shareholders' cash dividend shall not be less than 10 percent of the shareholders' dividend.

The legal reserve may be used to offset losses. When the Company does not have any losses, the amount of legal reserve that surpasses 25% of paid-up capital may be capitalized and may also be distributed to shareholders in cash.

The Company passed the 2022 and 2021 earnings distribution in the annual general meeting in June 2023 and 2022, respectively:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 54,583	$ 39,760		
Reversal special reserve	(56,639)	(39,172)		
Cash dividends	371,228	321,731	$ 3.0	$ 2.6
	$ 369,172	$ 322,319		

The Company passed the 2023 earnings distribution in the Board meeting in February 2024:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 55,102	
Special reserve	29,604	
Cash dividends	408,350	$ 3.3
	$ 493,056	

The appropriations of earnings for 2023 are subject to the resolution of the shareholder’s meeting to be held in June 2024.

(IV) Other equity items

1. Exchange differences on translating foreign operations

	2023	2022
Balance, beginning of the year	$ (54,745)	$ (103,630)
Recognized during the year		
Exchange differences arising from translating foreign operations	(29,340)	57,026
Share from associates accounted for using the equity method	1,943	3,264
Income tax relating to exchange differences arising on translating the net assets of foreign operations	5,868	(11,405)
Other comprehensive income (loss) recognized in the year	(21,529)	48,885
Balance, end of the year	$ (76,274)	$ (54,745)

2. Unrealized gains and losses on financial assets at fair value through other comprehensive income

	2023	2022
Balance, beginning of the year	$ 38,087	$ 80,844
Recognized during the year		
Unrealized gains and losses - equity instruments	24,192	(29,286)
Share from associates accounted for using the equity method	(3,154)	(19,292)
Income tax effect	(4,439)	5,857
Other comprehensive income (loss) recognized in the year	16,599	(42,721)

	2023	2022
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(5,819)	(36)
Balance, end of the year	$ 48,867	$ 38,087

3. Gains and losses on hedging instrument

	2023	2022
Balance, beginning of the year	$ 16,994	$ (33,853)
Recognized during the year		
Profit or loss from changes in fair value of hedging tools – Exchange rate risk	2,438	4,557
Share from associates accounted for using the equity method	321	4,059
Income tax effect	(488)	(911)
Reclassification adjustment		
Profit or loss from changes in fair value of hedging tools – Exchange rate risk	(26,828)	53,928
Income tax effect	5,366	(10,786)
Other comprehensive income (loss) recognized in the year	(19,191)	50,847
Balance, end of the year	$ (2,197)	$ 16,994

25. Revenues

The Company and Subsidiaries' operating revenues on the Consolidated Statement of Comprehensive Income are all from contracts with customers, and have been divided according to economic factors.

(I) Contract balance

	December 31,2023	December 31,2022	January 1,2022
Notes and accounts receivable (including related parties)	$ 645,092	$ 904,307	$ 799,148
Contract assets-current			
Construction contracts	$ 1,274,883	$ 490,593	$ 619,768
Contract liabilities - current and noncurrent			
Construction contracts	$ 1,055,878	$ 1,613,642	$ 1,734,541
Technical service revenue	59,179	-	-
Sales contracts	-	-	96
	$ 1,115,057	$ 1,613,642	$ 1,734,637

The changes in the balance of contract assets and contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	2023	2022
From the contract liabilities at the beginning of the year		
Construction contracts	$ 1,288,098	$ 1,226,144
Sale contracts	-	96
	$ 1,288,098	$ 1,226,240

(II) Partially completed contracts

As of December 31, 2023 and 2021, the transaction price allocated to the performance obligations that were not fully satisfied amounted to NT$14,966,882 thousand and NT$17,561,949 thousand, respectively. The

Company and Subsidiaries will recognize revenue as the construction is being completed and expected timing for recognition of revenue is on various dates through June 2027.

26. Profit before income tax

Profit before income tax includes the following items:

(I) Interest income

		2023		2022
Demand deposits	$	84,490	$	55,476
Others		6,775		3,733
	$	91,265	$	59,209

(II) Other income

		2023		2022
Rental income	$	11,664	$	7,510
Dividend income		1,125		14,529
Others		2,751		647
	$	15,540	$	22,686

(III) Other profits and losses

		2023		2022
Gains on financial assets at fair value through profit or loss	$	(12,099)	$	85,590
Net foreign exchange gain		509		1,795
Others		(1,102)		(1,081)
	$	(12,692)	$	86,304

The net foreign exchange gains or losses above includes:

		2023		2022
Foreign exchange gain	$	1,737	$	2,811
Foreign exchange loss		(1,228)		(1,016)

	2023	2022
Net exchange gain (loss)	$ 509	$ 1,795

(IV) Financial costs

	2023	2022
Interest of lease liabilities	$ 1,193	$ 814
Others	161	1
	$ 1,354	$ 815

(V) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 20,258	$ 18,952
Right-of-use assets	37,788	35,422
Intangible assets	6,905	5,442
	$ 64,951	$ 59,816
An analysis of depreciation by function		
Operating costs	$ 25,373	$ 23,486
Operating expenses	32,673	30,888
	$ 58,046	$ 54,374
An analysis of amortization by function		
Operating expenses	$ 6,905	$ 5,442

(VI) Employee benefit expenses

	2023	2022
Short-term employee benefits		
Salaries	$ 1,425,923	$ 1,315,672
Labor and health insurance	109,871	101,467
Others	30,706	26,133
	1,566,500	1,443,272
Post-employment benefits (Note 22)		

		2023		2022
Defined contribution plans		46,167		42,923
Defined benefit plans		11,581		12,356
		57,748		55,279
Employee benefit expenses	$	1,624,248	$	1,498,551
An analysis of employee benefits by function				
Operating costs	$	1,257,058	$	1,146,579
Operating expenses		367,190		351,972
	$	1,624,248	$	1,498,551

(VII) Compensation of employees and remuneration of directors

According to the Articles of Incorporation, the article stipulate the Company distributed compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of pre-tax profit prior to deducting compensation of employees and remuneration of directors. The Board of Directors adopted the following resolutions in February 2024 and 2023 on compensation of employees and remuneration of directors in 2023 and 2022 (all distributed in cash):

		2023		2022
Compensation of employees	$	23,609	$	26,129
Remuneration of directors		4,722		5,226

If there is any change in the amounts after the annual consolidated financial statements are authorized for issue, the difference is record as a change in accounting estimate in the next following year.

The appropriations for compensation of employees and remuneration of directors for 2022 and 2021 which had been approved by the board of directors' meeting in February 2023 and 2022, respectively, were as follows:

	2022	2021
Compensation of employees	$ 26,129	$ 20,165
Remuneration of directors	5,226	4,033

The amounts recognized in the consolidated financial statement for 2022 and 2021 are the same as which approved in the board of directors' meeting.

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

27. Income tax

(I) Income tax recognized in profit or loss

The major components of income tax were as follows:

	2023	2022
Current tax		
In respect of the current year	$ 112,871	$ 67,801
In respect of prior years	354	737
	113,225	68,538
Deferred tax		
In respect of the current year	9,790	22,845
In respect of prior years	5,953	-
	15,743	22,845
	$ 128,968	$ 91,383

The reconciliation of accounting profit and income tax expense was as follows:

	2023	2022
Profit before income tax	$ 685,860	$ 611,902
Income tax expense calculated at the statutory rate	$ 137,121	$ 121,788
Tax-exempt income	(14,460)	(31,142)
In respect of prior years	6,307	737
	$ 128,968	$ 91,383

(II) Income tax gains (expenses) recognized in other comprehensive income

	2023	2022
Deferred tax		
Remeasurement of defined benefit plans	$ 2,422	$ (5,228)
Investments in equity instruments measured at fair value through other comprehensive income	(4,439)	5,857
Exchange differences on translation of foreign operations	5,868	(11,405)
Profit or loss from hedging instruments	4,878	(11,697)
	$ 8,729	$ (22,473)

(III) Current income tax assets and liabilities

	December 31,2023	December 31,2022
Current income tax assets		
Tax refunds receivable	$ 756	$ 7,295
Current income tax liabilities		
Income tax payable	$ 85,626	$ 75,020

(IV) Deferred income tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

2023

Deferred tax assets		Balance, Beginning of Year		Recognized in Profit or Loss		Recognized in Other Comprehensive Income		Effect of foreign currency exchange differences		Balance, End of Year
Temporary differences										
Provision	$	9,553	$	(149)	$	-	$	-	$	9,404
Difference between tax reporting and financial reporting - construction revenues and costs		3,686		(1,978)		-		-		1,708
Unrealized gain on the transactions with subsidiaries and associates		20,311		(274)		-		-		20,037
Currency translation difference of foreign operations		13,793		-		5,868		-		19,661
Others		5,089		(4,419)		574		11		1,255
	$	52,432	$	(6,820)	$	6,442	$	11	$	52,065

Deferred tax liabilities										
Temporary differences										
Financial assets at fair value through other comprehensive income	$	17,807	$	-	$	4,439	$	-	$	22,246
Foreign investment gain		37,622		5,738		-		-		43,360
Defined benefit pension plan		834		3,196		(2,422)		-		1,608
Others		4,315		(11)		(4,304)		-		-
	$	60,578	$	8,923	$	(2,287)	$	-	$	67,214

2022

Deferred tax assets		Balance, Beginning of Year		Recognized in Profit or Loss		Recognized in Other Comprehensive Income		Effect of foreign currency exchange differences		Balance, End of Year
Temporary differences										
Defined benefit pension plan	$	20,771	$	(15,543)	$	(5,228)	$	-	$	-
Provision		7,874		1,679		-		-		9,553

2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Effect of foreign currency exchange differences	Balance, End of Year
Difference between tax reporting and financial reporting - construction revenues and costs	4,706	(1,020)	-	-	3,686
Unrealized gain on the transactions with subsidiaries and associates	20,286	25	-	-	20,311
Currency translation difference of foreign operations	25,198	-	(11,405)	-	13,793
Losses carried forward	3,331	(3,331)	-	-	-
Others	12,364	(197)	(7,394)	316	5,089
	$ 94,530	$ (18,387)	$ (24,027)	$ 316	$ 52,432

Deferred tax liabilities					
Temporary differences					
Financial assets at fair value through other comprehensive income	$ 23,664	$ -	$ (5,857)	$ -	$ 17,807
Foreign investment gain	34,010	3,612	-	-	37,622
Defined benefit pension plan	-	834	-	-	834
Others	-	12	4,303	-	4,315
	$ 57,674	$ 4,458	$ (1,554)	$ -	$ 60,578

Other temporary differences above are mainly temporary differences between cash flow hedges and net amount of unrealized foreign exchange gain/loss.

(V) Income tax assessment

The Company's income tax returns through 2021 have been assessed by the tax authorities.

(VI) Subsidiaries CIC and CDC were all established in Samoa and exempted from income tax according to local regulations. CEVC, China Ecotek India Private Limited, and Xiamen Ecotek PRC Co., Ltd. were established in Vietnam, India, and China Xiamen and pay taxes according to local regulations.

28. Earnings per share

The earnings and weighted average number of shares outstanding used to computation of earnings per share were as follows:

Net profit for the year

	2023	2022
Profit for the year attributable to owners of the Corporation	$ 556,892	$ 520,519

Number of shares (in thousand shares)

	2023	2022
Weighted average number of ordinary shares used in computation of basic earnings per share	123,743	123,743
Effect of dilutive potential ordinary shares-Compensation of employees	497	683
Weighted average number of ordinary shares used in computation of diluted earnings per share	124,240	124,426

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. Capital risk management

The Company and Subsidiaries engage in capital management to ensure that it can maximize return for shareholders by optimizing the balance of liabilities and equity, under the premise that it is able to continue as a going concern.

The Company and Subsidiaries' capital structure consists of net liabilities (i.e., loans less cash and cash equivalents) and equity (i.e., share capital, capital surplus, retained earnings, and other equity interests), and is not required to comply with external regulations on capital.

30. Financial instruments

(I) Information on fair value

1. Information on fair value –Fair value of financial instruments that are measured at fair value on a recurring basis

December 31,2023	Level 1	Level	Level 3	Total
Financial assets at fair value through profit or loss				
Emerging market shares in Taiwan	$ -	$ -	$ 85,081	$ 85,081
Unlisted shares in Taiwan	-	-	31,880	31,880
	$ -	$ -	$ 116,961	$ 116,961
Financial assets at fair value through other comprehensive income				
Listed shares	$ 31,050	$ -	$ -	$ 31,050
Foreign unlisted shares	-	-	124,976	124,976
	$ 31,050	$ -	$ 124,976	$ 156,026

December 31,2022	Level 1	Level	Level 3	Total
Financial assets at fair value through profit or loss				
Emerging market shares in Taiwan	$ -	$ -	$ 94,311	$ 94,311
Unlisted shares in Taiwan	-	-	32,207	32,207
	$ -	$ -	$ 126,518	$ 126,518
Financial assets at fair value through other comprehensive income				
Foreign unlisted shares	$ -	$ -	$ 102,782	$ 102,782

There was no transfer of level 1 and level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial assets

Financial Asset	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance, beginning of the year	$ 126,518	$ 102,782	$ 229,300
Additions	14,811	-	14,811
Disposals	(12,269)	-	(12,269)
Recognized in profit or loss	(12,099)	-	(12,099)
Recognized in other comprehensive income	-	22,194	22,194
Balance, end of the year	$ 116,961	$ 124,976	$ 241,937
Unrealized gains and losses for the year	$ (20,619)		$ (20,619)

2022

Financial Asset	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance, beginning of the year	$ 84,876	$ 132,068	$ 216,944
Disposals	(45,899)	-	(45,899)
Recognized in profit or loss	87,541	-	87,541
Recognized in other comprehensive income	-	(29,286)	(29,286)
Balance, end of the year	$ 126,518	$ 102,782	$ 229,300
Unrealized gains and losses for the year	$ 53,929		$ 53,929

3. Valuation techniques and inputs applied for the purpose of measuring level 3 fair value measurement

(1) The fair value of emerging stock is estimated based on its closing price and taking into consideration its liquidity.

(2) The fair value of domestic unlisted stock is estimated based on the most recent net value of the investee or transaction price. The fair value of foreign unlisted stocks is estimated using the market approach.

(II) Financial instruments by category

Financial Asset	December 31,2023	December 31,2022
Financial assets at fair value through profit or loss	$ 116,961	$ 126,518
Financial assets for hedging	929,260	984,542
Financial assets at amortized cost 1)	2,042,115	3,114,509

	December 31,2023	December 31,2022
Financial assets at fair value through other comprehensive income	156,026	102,782
Financial liabilities		
Financial liabilities at amortized cost 2)	1,590,981	1,298,946

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other financial assets, refundable deposits (the current portion is listed in other current assets), and other financial assets at amortized cost.

Note 2: The balance includes short-term borrowings, accounts payable (including related parties), other payables, and guarantee deposits received (the current portion is listed under other current liabilities), and other financial liabilities at amortized cost.

(III) The purpose and policy of financial risk management

The Company and Subsidiaries' main financial instruments include financial assets for hedging, accounts receivable, equity investments, other financial assets, short-term borrowings, accounts payable, and lease liabilities. The financial management department provides services to sales units, coordinates operations in domestic and foreign financial markets, and analyzes exposure based on the level and extent of risks, in order to supervise and manage financial risks related to the Company and Subsidiaries' operations. Such risks include market risks (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

The significant financial activities of the Company and Subsidiaries are reviewed by the Board of Directors according to regulations and the internal control system. Internal auditors continue to review policy compliance and exposure. The Company and Subsidiaries have not used financial instruments (including derivative financial instruments) for speculative trading.

1. Market Risk

(1) Foreign exchange risk

The Company and Subsidiaries purchase and sells goods denominated in foreign currencies, and is thus exposed to the risk of exchange rate fluctuations. The Company and Subsidiaries manage exposure to foreign exchange risk using foreign currency deposits and firm commitment opposite to exchange rate fluctuations within the scope permitted by policy.

Please see Note 34 for the carrying amount of the Company and Subsidiaries' major monetary assets not denominated in the functional currency on the balance sheet date (including monetary items not denominated in the functional currency on the consolidated financial statements).

The table below shows the Company and Subsidiaries' sensitivity analysis when the functional currency appreciates/depreciates 1% against USD and CNY. A positive number is the amount that pre-tax profit or equity will increase when the functional currency depreciates 1%

against foreign currencies. Pre-tax profit or equity will decrease the same amount when the functional currency appreciates 1% against USD and CNY.

	USD Impact		CNY Impact	
	2023	2022	2023	2022
Profit before income tax	$ 193	$ 87	$ (227)	$ 53
Equity	3,497	1,619	6,241	8,493

(2) Interest rate risk

The book value of the Company and Subsidiaries' financial assets and liabilities that are exposed to interest rate risk on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial liabilities	$ 84,982	$ 95,569
Cash flow interest rate risk		
Financial assets	268,589	518,969

The Company and Subsidiaries' are exposed to interest rate risk due to financial assets with floating interest rates. The method for analyzing floating interest rate assets assumes that the amount of assets outstanding on the balance sheet date were outstanding throughout the year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company and Subsidiaries' pre-tax profit for the years ended December 31, 2023 and 2022 would have been lower/higher by NT$2,686 thousand and NT$5,190 thousand, respectively, and is mainly due to the Company and Subsidiaries' floating interest rate bank deposits.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company and Subsidiaries arising from default by counterparties. As of the balance sheet date, the Company and Subsidiaries' greatest credit risk exposure to financial losses caused by transaction counterparties failing to fulfill their obligations is in the book value of financial assets recognized on the consolidated balance sheet.

Among the balance of the Company and Subsidiaries' accounts receivable, customers that account for over 10% of total accounts receivable are as follows:

		December 31,2023		December 31,2022
Parent Company	$	229,314	$	305,299
Dragon Steel		176,000		94,010
CSCSOLAR		152,318		81,454
CSVC		8,723		172,958
Customer E		-		206,121
	$	566,355	$	859,842

3. Liquidity risk

The Company and Subsidiaries manage and maintain a sufficient position of cash and cash equivalents or financial products that can easily be liquidated, and maintain a suitable credit limit through loan agreements with financial institutions to meet the needs of operations.

The table below provides the maturity analysis of remaining non-derivative financial liabilities for the repayment period agreed to by the Company and Subsidiaries. It is prepared based on the non-discounted cash flow (including principal and interest) of financial liabilities up to the earliest date that the liabilities may need to be repaid by the Company and Subsidiaries.

		Within 1 year		Over 1 Year		Total
December 31,2023						
Short-term borrowings	$	100,264	$	-	$	100,264
Accounts payable (including related parties)		817,499		54,462		871,961
Other payables		604,068		-		604,068
Lease liabilities		34,955		51,991		86,946
Guarantee deposits received		8,385		6,567		14,952
	$	1,565,171	$	113,020	$	1,678,191
December 31,2022						
Accounts payable (including related parties)	$	626,664	$	56,656	$	683,320
Other payables		591,811		-		591,811
Lease liabilities		39,504		58,191		97,695
Guarantee deposits received		16,143		7,672		23,815
	$	1,274,122	$	122,519	$	1,396,641

4. Cash flow hedging

December 31,2023

Hedging instruments	Currency		Contract amount	Maturity	Forward price	Line items on the balance sheets	Carry amount			
								Asset		Liability
Cash flow hedging										
Hedging deposits	JPY	$	280,050	NA	NA	Financial assets for hedging	$	60,827	$	-
	USD		7,320	NA	NA	Financial assets for hedging		224,754		-
	EUR		577	NA	NA	Financial assets for hedging		19,605		-
	CNY		144,228	NA	NA	Financial assets for hedging		624,074		-
							$	929,260	$	-

December 31,2023

Hedged Items	Change in fair value of hedged items used for calculating hedge ineffectiveness	Balance in other equity	
		Continuing hedges	Discontinuing hedges
Cash flow hedging			
Forecast purchases and construction contracts	$ 24,390	$ (2,872)	$ -

2023

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedging					
Hedging deposits	$ (19,512)	$ -	-	$ -	$ -

December 31,2022

Hedging instruments	Currency	Contract amount	Maturity	Forward price	Line items on the balance sheets	Carry amount	
						Asset	Liability
Cash flow hedging							
Hedging deposits	JPY	$ 132,576	NA	NA	Financial assets for hedging	$ 30,811	$ -
	USD	1,924	NA	NA	Financial assets for hedging	59,077	-
	EUR	1,385	NA	NA	Financial assets for hedging	45,332	-
	CNY	192,677	NA	NA	Financial assets for hedging	849,322	-
						$ 984,542	$ -

December 31,2022

Hedged Items	Change in fair value of hedged items used for calculating hedge ineffectiveness	Balance in other equity	
		Continuing hedges	Discontinuing hedges
Cash flow hedging			
Forecast purchases and construction contracts	$ (58,485)	$ 21,518	$ -

2022

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item	
				Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedging					
Hedging deposits and commercial paper	$ 46,788	$ -	-	$ -	$ -

31. Related Party Transactions

(I) Name and relationship of related parties

Name of related party	Relationship with the Company and Subsidiaries
China Steel Corporation	Parent company
Dragon Steel Corporation (Dragon Steel)	Fellow subsidiary
China Steel Machinery Corporation	Fellow subsidiary
United Steel Engineering & Construction Corporation	Fellow subsidiary
CSC Solar Corporation (CSCSOLAR)	Fellow subsidiary
Chung Hung Steel Corporation	Fellow subsidiary
C.S. Aluminum Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
China Steel Chemical Corporation	Fellow subsidiary
Infochamp Systems Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
China Steel Management Consulting Corporation	Fellow subsidiary
China Steel and Nippon Steel Vietnam Joint Stock Company (CSVC)	Fellow subsidiary
Union Steel Development Corporation	Fellow subsidiary
Universal Exchange Inc.	Fellow subsidiary
Sing Da Marine Structure Corporation	Fellow subsidiary
Betacera Inc.	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
CSGT Metals Vietnam Joint Stock Company	Fellow subsidiary
China Steel Structure Co., Ltd.	Fellow subsidiary
China Steel Express Corporation	Fellow subsidiary
HIMAG Magnetic Corporation	Fellow subsidiary
Taiwan Intelligent Transportation Co., Ltd.	Fellow subsidiary
China Prosperity Development Corporation	Fellow subsidiary
China Prosperity Construction Corporation	Fellow subsidiary

Name of related party	Relationship with the Company and Subsidiaries
Honley Auto. Parts Co., Ltd.	Associate
Formosa Ha Tinh Steel Corporation	Other related parties
Hua Eng Wire and Cable Co., Ltd.	Director of the Company
Great Grandeul Steel Co., Ltd.	Director of the Company

(II) Business transaction

	2023	2022
Operating revenue		
Parent company	$ 6,084,192	$ 5,836,308
Fellow subsidiary		
Dragon Steel	1,321,037	1,210,868
Others	582,867	627,474
Associate	220	-
Other related parties	8,673	17,915
Director of the Company	-	114
	$ 7,996,989	$ 7,692,679
Purchase of goods and outsourcing fees		
Parent company	$ 4,090	$ 14,224
Fellow subsidiary	79,008	279,475
Director of the Company	8,345	4,428
	$ 91,443	$ 298,127

The Company and Subsidiaries' operating revenues is mainly from construction revenues from the companies above, and the total contract price is negotiated based on the scale or nature of each project. The collection period is approximately 2-3 months after the invoice is issued. The Company and Subsidiaries contracts with related parties is different from contracts with non-related parties, so there are no similar transactions for comparison.

Purchase of goods and outsourcing fees are negotiated based on the model or nature of the project, and payment is made within 1-2 months.

The Company and Subsidiaries' transactions with related parties is different from non-related parties, so there are no similar transactions for comparison.

The balance of contract assets, contract liabilities, and accounts payable/receivable to/from related parties on the balance sheet date is as follows:

Account Items	Related Parties Types	December 31, 2023	December 31, 2022
Contract assets - current	Parent company	$ 690,392	$ 364,423
	Fellow subsidiary		
	Dragon Steel	350,177	67,567
	Others	71,683	6,914
	Other related parties	-	800
		$ 1,112,252	$ 439,704
Contract liabilities - current	Parent company	$ 822,900	$ 1,159,154
	Fellow subsidiary	136,101	171,148
	Other related parties	13,909	15,868
		$ 972,910	$ 1,346,170
Accounts receivable - related parties	Parent company	$ 229,314	$ 305,299
	Fellow subsidiary		
	Dragon Steel	176,000	94,010
	CSCSOLAR	152,318	81,454
	CSVC	8,723	172,958
	Others	24,016	4,103
	Associate	100	-
		$ 590,471	$ 657,824
Accounts payable - related parties	Parent company	$ 17	$ 23
	Fellow subsidiary	12,634	13,993
	Director of the Company	2,767	-
		$ 15,418	$ 14,016

The outstanding accounts payable to related parties were unsecured and will be settled in cash. Accounts receivable from related parties were also unsecured and no imparirment loss was recognized as of December 31, 2023 and 2022.

(III) Other transactions

1. Construction contracts

The balance of construction contracts not yet performed in operating revenues is listed below:

	December 31,2023	December 31,2022
Parent company	$ 11,068,023	$ 12,100,564
Fellow subsidiary		
Dragon Steel	2,030,735	2,268,478
Others	379,745	604,725
Other related parties	16,273	18,248
	$ 13,494,776	$ 14,992,015

Accumulated balance of construction progress of construction contracts is listed below:

	December 31,2023	December 31,2022
Parent company	$ 10,365,837	$ 7,816,541
Fellow subsidiary		
Dragon Steel	2,310,391	1,939,911
Others	574,564	489,136
Other related parties	2,847,482	6,711,940
	$ 16,098,274	$ 16,957,528

2. Lease agreements

Account Items	Related Parties Types	December 31, 2023	December 31, 2022
Lease liabilities (current and noncurrent)	Parent company	$ 13,849	$ 25,600

Type of related party	2023	2022
Interest expense		
Parent company	$ 318	$ 129
Rent expenses		
Parent company	$ 2,535	$ 1,666

The Company and Subsidiaries lease offices and production equipment from the parent company with a lease period of 3-5 years. The rent is based on the rent for similar assets and is paid quarterly or semi-annually according to the lease agreement.

Lease expenses are variable lease payments and expenses for short-term leases and low value asset leases of buildings and transportation equipment that are not included in lease liabilities.

(IV) Lease arrangements

As described in Note 17, the Company leased out land, which was located in the Linyuan District, Kaohsiung City to its parent entity. Price was negotiated between both sides and collected every half year. The lease term of the contract will end in May 2024. As of December 31, 2023, the gross lease payment had been fully received. The amount of lease income recognized for 2023 and 2022 were NT$11,664 thousand and NT$6,804 thousand, respectively.

(V) Compensation for management

	2023	2022
Short-term employee benefits (salary, dividends, and bonuses)	$ 27,026	$ 27,004

Remuneration of directors and management was determined by the remuneration committee based on the personal performance evaluation and market trends.

32. Pledged Assets

The Company and Subsidiaries provide the following assets as guarantee for contract performance:

	December 31, 2023	December 31, 2022
Time deposits (recognized in other financial assets – current)	$ 4,708	$ 251,553

33. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in other notes, the Company and Subsidiaries also have the following major commitments and contingencies on December 31, 2023

(I) The Company and Subsidiaries provided approximately NT$568,053 thousand in performance bond and warranty bond through a bank for construction contracts.

(II) The Company and Subsidiaries provided approximately NT$95,685 thousand in notes as the performance bond and warranty bond for major projects.

(III) The Company and Subsidiaries' balance of issued but unutilized L/C for the purchase of construction equipment is approximately NT$17,770 thousand.

(IV) Property purchase and construction contracts for NT$136,320 thousand were signed but not yet recorded.

34. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Company and Subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31,2023	Foreign Currencies (In Thousands)	Exchange rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Foreign currency assets			
Monetary items			
USD	$ 8,125	30.7050	$ 249,492
CNY	144,912	4.3270	627,036
EUR	585	33.9800	19,878
JPY	280,054	0.2172	60,828
Non-monetary items			
Financial assets at fair value through other comprehensive income			
USD	4,070	30.7050	124,976
Foreign currency liabilities			
Monetary items			
CNY	5,920	4.3270	25,618
USD	178	30.7050	5,476

December 31, 2022	Foreign Currencies (In Thousands)	Exchange rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Foreign currency assets			
Monetary items			
USD	$ 2,418	30.7100	$ 74,265
CNY	193,885	4.4080	854,646
EUR	1,386	32.7200	45,341
JPY	132,580	0.2324	30,812
Non-monetary items			
Financial assets at fair value through other comprehensive income			
USD	3,347	30.7100	102,782
Foreign currency liabilities			
Monetary items			
USD	212	30.7100	6,503

For 2023 and 2022, realized and unrealized net foreign exchange gains and losses were gain NT$509 thousand and gain NT$1,795 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Company and Subsidiaries.

35. Separately disclosed items

Matters required to be disclosed in 2023 are as follows:

(I) Information on major transactions and (II) investees

1. Financing provided to others: None.

2. Endorsements or guarantees provided: None.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associate): Table1.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
9. Derivatives trading: None.
10. Other: The business relationship and key transactions between intra-group companies and amount: Table 4.
11. Information investees: Table 5.

(III) Information on investments in maimland China

1. Information on any investee in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

(5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(IV) Information on major shareholders: Name of shareholder with 5% shareholding or above, number of shares held, and ratio: Table 7.

36. Segment Information

Information provided to the main decision-maker of business operations to distribute resources and assess segment performance, and focuses on each type of product or service delivered or provided. Segments required to be reported by the Company and Subsidiaries are as follows:

- China Ecotek Corporation (The Company) – Environmental protection projects.

- China Ecotek Vietnam Company Ltd. (CEVC)– Environmental protection projects.
- Other – General investments and subsidiaries that do not reach the quantified threshold required for segment reporting

(I) Department revenue and business results

The Company and Subsidiaries' revenue and business results, as well as assets and liabilities by reportable segment are analyzed below:

2023	The Company	CEVC	Others	Adjustment and offset	Merger
Revenue from customers other than the parent company and its subsidiaries	$ 9,608,841	$ 150,485	$ -	$ -	$ 9,759,326
Revenue from the parent company and its subsidiaries	-	-	-	-	-
Total revenue	$ 9,608,841	$ 150,485	$ -	$ -	$ 9,759,326
Segment income (losses)	$ 478,897	$ (9,356)	$ (4,585)	$ -	$ 464,956
Interest income	32,470	52,516	6,279	-	91,265
Other income	15,386	147	7	-	15,540
Other profits and losses	(12,770)	(90)	168	-	(12,692)
Financial costs	(1,113)	(234)	(7)	-	(1,354)
Share of income/losses of subsidiaries and associates recognized under the equity method	156,148	-	28,562	(56,565)	128,145
Pre-tax profit	669,018	42,983	30,424	(56,565)	685,860
Income tax expense	112,126	15,686	1,156	-	128,968
Net profit after tax	$ 556,892	$ 27,297	$ 29,268	$ (56,565)	$ 556,892
December31,2023					
Segment assets	$ 4,697,097	$ 863,977	$ 223,902	$ (5,416)	$ 5,779,560
Investments recognized under the equity method	2,084,026	-	1,013,085	(2,032,645)	1,064,466
Total assets	$ 6,781,123	$ 863,977	$ 1,236,987	$ (2,038,061)	$ 6,844,026
Segment liabilities	$ 3,119,975	$ 67,140	$ 1,179	$ (5,416)	$ 3,182,878

2022	The Company	CEVC	Others	Adjustment and offset	Merger
Revenue from customers other than the parent company and its subsidiaries	$ 8,524,477	$ 319,576	$ -	$ -	$ 8,844,053
Revenue from the parent company and its subsidiaries	1,579	126	-	(1,705)	-
Total revenue	$ 8,526,056	$ 319,702	$ -	$ (1,705)	$ 8,844,053
Segment income (losses)	$ 331,280	$ 4,338	$ (2,985)	$ -	$ 332,633
Interest income	19,935	32,085	7,189	-	59,209
Other income	22,596	90	-	-	22,686
Other profits and losses	85,587	57	660	-	86,304

	The Company	CEVC	Others	Adjustment and offset	Merger
Financial costs	(797)	(9)	(9)	-	(815)
Share of income/losses of subsidiaries and associates recognized under the equity method	143,573	-	31,065	(62,753)	111,885
Pre-tax profit	602,174	36,561	35,920	(62,753)	611,902
Income tax expense	81,655	9,335	393	-	91,383
Net profit after tax	$ 520,519	$ 27,226	$ 35,527	$ (62,753)	$ 520,519

December 31, 2022					
Segment assets	$ 4,792,383	$ 909,739	$ 233,799	$ (4,968)	$ 5,930,953
Investments recognized under the equity method	2,062,574	-	1,017,685	(2,044,752)	1,035,507
Total assets	$ 6,854,957	$ 909,739	$ 1,251,484	$ (2,049,720)	$ 6,966,460
Segment liabilities	$ 3,343,918	$ 114,534	$ 1,937	$ (4,968)	$ 3,455,421

(II) Information by region

The Company and Subsidiaries mainly operate in two regions – Taiwan and Vietnam.

The Company and Subsidiaries' revenue from external customers is categorized by the customer's country, while noncurrent assets are listed by their location as follows:

	Revenue from external customers		Noncurrent assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 9,560,364	$ 8,504,284	$ 1,000,051	$ 837,479
Vietnam	198,884	336,001	17,335	1,537
Other	78	3,768	1,024	1,462
	$ 9,759,326	$ 8,844,053	$ 1,018,410	$ 840,478

Noncurrent assets do not include financial assets, investments recognized under the equity method, deferred income tax assets, and guarantee deposits paid.

(III) Information on major customers

The Company and Subsidiaries is mainly in the environmental protection engineering industry, and customers that account for 10% and above of the Company and Subsidiaries' revenue are as follows:

	2023		2022	
	Amount	As a percentage of operating revenues (%)	Amount	As a percentage of operating revenues (%)
Parent Company	$ 6,084,192	62	$ 5,836,308	66
Dragon Steel	1,321,037	14	1,210,868	14
	$ 7,405,229	76	$ 7,047,176	80

China Ecotek Corporation and Subsidiaries
Marketable securities held at the end of the year
December 31, 2023

Table 1

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

Held Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	End of the year				Note
				shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
The Company	Stock							
	Yeong Long Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss-noncurrent	440,000	$ 15,079	1.13	$ 15,079	
	Hsin Yu Energy Development Co., Ltd.	-	Financial assets at fair value through profit or loss-noncurrent	391,249	-	0.16	-	
	Green Shepherd Corporation	-	Financial assets at fair value through profit or loss-noncurrent	784,000	16,801	5.55	16,801	
					$ 31,880		$ 31,880	
	Stock							
	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss-current	2,990,000	$ 74,750	1.50	$ 74,750	
	Lianyou Metals Co., Ltd.	-	Financial assets at fair value through profit or loss-current	114,000	6,331	0.37	6,331	
	TFBS Bioscience, Inc	-	Financial assets at fair value through profit or loss-current	104,000	4,000	0.30	4,000	
					$ 85,081		$ 85,081	
	Stock							
	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	1,150,000	$ 31,050	0.01	$ 31,050	
	Stock							
	Asia Pacific Energy Development Company Limited	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,212,590	$ 124,976	11.11	$ 124,976	

China Ecotek Corporation and Subsidiaries
Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital
From January 1 to December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Purchaser/Seller	Related Party	Relationship	Transaction				Abnormal transaction		Receivables (Payables)		Note
			Purchase (sales)	Amount	Percentage of total purchases (sales) (%)	Payment Terms	Unit price	Credit period	Ending balance	As a percentage of total accounts receivable (payable)	
The Company	China Steel Corporation	Parent company	Construction revenue	$ (5,947,799)	(62)	Contract period	Note	Note	$ 229,314	37	
	Dragon Steel Corporation	Fellow subsidiary	Construction revenue	(1,304,272)	(14)	Contract period	Note	Note	176,000	28	
	China Steel Solar Tech Co., Ltd.	Fellow subsidiary	Construction revenue	(340,037)	(4)	Contract period	Note	Note	152,318	24	

Note: Please refer to Note 31.

China Ecotek Corporation and Subsidiaries
Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital
December 31, 2023

Table 3

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

Company Name	Related Party	Relationship	Ending Balance	Turnover rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	China Steel Corporation	Parent company	$ 229,314	22.76	$ -	-	$ 227,285	$ -
	Dragon Steel Corporation	Fellow subsidiary	176,000	9.79	-	-	71,548	-
	China Steel Solar Tech Co., Ltd.	Fellow subsidiary	152,318	2.95	-	-	3,044	-

China Ecotek Corporation and Subsidiaries
The business relationship and key transactions between intra-group companies and amount
From January 1 to December 31, 2023

Table 4

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

No	Company Name	Related Party	Relationship	Transaction			
				Item	Amount	Trade terms	As a percentage of total revenue or tatal assets
1	The Company	China Ecotek Vietnam Company Limited	subsidiary	General and administrative expenses	$ 11,012	According to the contract	-

China Ecotek Corporation and Subsidiaries
Information investees
From January 1 to December 31, 2023

Table 5

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

Investor Company	Investee Company	Location	Main Businesses and Products	Initial investment amount		Shareholding at the end of year			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				End of the current year	End of the previous year	Number of Shares	Percentage (%)	Carrying Amount			
The Company	CEC Development Corporation	Samoa	General investment	$ 478,579	$ 478,579	17,000,000	100.00	$ 984,713	$ 27,766	$ 27,766	Subsidiary
The Company	CEC International Corporation	Samoa	General investment	30,642	30,642	10,000,000	100.00	34,812	237	237	Subsidiary
The Company	China Steel Machinery Corporation	Kaohsiung City	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	329,174	329,174	35,204,170	26.02	558,730	391,776	101,948	
The Company	Chiun Yu Investment Corporation	Kaohsiung City	General investment	14,233	14,233	1,196,000	40.00	26,596	(1,449)	(580)	
The Company	Chi-Yi Investment Corporation	Kaohsiung City	General investment	8,000	8,000	800,000	40.00	18,183	1,628	651	
The Company	Jiing-Cherng-Fa Investment Corporation	Kaohsiung City	General investment	8,050	8,050	805,000	35.00	17,359	2,904	1,016	
The Company	United Steel International Development Corporation	British Virgin Islands	Holding and investment	-	8,262	-	-	-	(58,958)	(359)	
The Company	Hung-chuan Investment Corporation	Kaohsiung City	General investment	6,000	6,000	600,000	30.00	13,547	1,617	485	
The Company	CSC Solar Corporation	Kaohsiung City	Solar power generation	348,800	348,800	34,880,000	20.00	293,643	116,446	23,289	
The Company	Eminent III Venture Capital Corporation	Taipei City	General investment	100,000	100,000	10,000,000	5.52	69,032	(7,398)	(408)	
The Company	Pro-Ascentek Investment Corporation	Kaohsiung City	General investment	60,000	60,000	6,000,000	5.00	67,376	42,059	2,103	
The Company	China Ecotek India Private Limited	India	Construction engineering	27	27	5,000	0.10	35	849	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Construction engineering	302,065	302,065	-	100.00	796,836	27,295	27,295	Subsidiary
CEC International Corporation	China Ecotek India Private Limited	India	Construction engineering	27,070	27,070	4,995,000	99.90	34,568	849	849	Subsidiary

Note: Subsidiary was eliminated from the consolidated financial statements.

China Ecotek Corporation and Subsidiaries
Information on Investments in Mainland China
From January 1 to December 31, 2023

Table 6

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

Investee Company	Main Businesses and Products	Paid-in capital	Investment method	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of shares held directly or indirectly by the Company (%)	Investment Gain (Loss) (Note1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd	Production and sale of aluminum products	$ -	Through investment in an existing company (United Steel International Development Corporation) in a third region for further investment in the Chinese company	$ 9,212	-	$ 9,212	$ -	$ 48,202	-	$ 294	$ -	$ 665	
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	184,230	Through investment in an existing company (CEC Development Corporation) in a third region for further investment in the Chinese company	184,230	-	-	184,230	418	100.00	418	181,681	-	Note2

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	The Company's Uapper Limit On Investment In Mainland China (Note3)
China Ecotek Corporation	$184,230	$184,230	$2,196,689

Note 1: Recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 2: Subsidiaries were eliminated from the consolidated financial statements.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" by the Investment Commission on August 29, 2008, investments shall not exceed 60% of its net worth.

China Ecotek Corporation
Information on Major Shareholders
December 31, 2023

Table 7

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio (%)
China Steel Corporation	55,393,138	44.76
Hua Eng Wire and Cable Co., Ltd.	11,843,730	9.57
Mega International Commercial Bank Trust Treasury Account-Employee finances trust account	6,927,156	5.59

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the standalone financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If the shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Stock Symbol: 1535

China Ecotek Corporation

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

Address: 8F, No. 88, Chenggong 2nd Rd.,
Qianzhen Dist., Kaohsiung City
Tel: (07)3336138

Independent Auditors' Report

The Board of Directors and Shareholders
China Ecotek Corporation

Opinion

We have audited the accompanying standalone financial statements of China Ecotek Corporation (The "Company"), which comprise the standalone balance sheets as of December 31, 2023 and 2022, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2023 and 2022, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the 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 standalone financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Company's standalone financial statements for the year ended December 31, 2023 are stated as follows:

Assessment of the estimated total project cost

The Company has signed many construction contracts, and recognized construction revenues according to the percentage completion method. Construction progress is calculated based on the actual construction costs incurred under each contract as a percentage of the estimated total construction cost of the project. The estimated total project cost involves a major accounting estimate, and affects the recognition of construction progress and revenues. Hence, the assessment of estimated total project cost is listed as a key audit matter. For relevant accounting policies, major accounting estimates, and explanations of determination, please refer to the Standalone Financial Statements Note 4 and Note 5.

Our audit procedures performed included the following:

1. Understand control procedures for the assessment of the estimated total project cost, and conduct sampling inspections of the consistency between preparation process and internal controls.

2. Conduct a sampling inspection of documentation related to the assessment of the estimated total project cost for new projects and additions/reductions in the current year.

3. Conduct a sampling inspection to see if there are any major abnormalities between the actual total cost of projects concluded this year and their estimated total project cost, in order to verify the reasonableness of estimated total project cost. Conduct a sampling inspection of abnormal changes in estimated total cost, in order to determine the reasonableness of calculating the percentage of construction progress based on the estimated total project cost before the balance sheet date.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issures, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the 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.

These charged with governance, including the audit committee or supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, 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 accouting 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 auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the discloseures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Lee-Yuan Kuo and Chao-Chun Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

<u>Notice to Readers</u>

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

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

China Ecotek Corporation
Standalone Balance Sheets
December 31, 2023 and 2022

In Thousand of NTD

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 14)	$ 426,644	6	$ 1,000,064	15
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	85,081	1	94,311	1
1120	Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	31,050	-	-	-
1139	Financial assets for hedging - current (Notes 4 and 12)	929,260	14	984,542	14
1140	Contract assets - current (Notes 4, 25, and 31)	1,253,420	18	450,892	7
1150	Notes receivable (Notes 4 and 9)	-	-	43	-
1170	Accounts receivable, net (Notes 4 and 9)	43,837	1	239,763	4
1180	Accounts receivable – related parties (Notes 4, 9, and 31)	581,748	9	484,866	7
1200	Other receivables (Note 9)	11,414	-	12,645	-
1220	Current tax assets (Note 27)	-	-	6,496	-
130X	Inventories (Notes 4 and 10)	11,704	-	19,334	-
1476	Other financial assets – current (Notes 12 and 32)	350	-	351,553	5
1479	Other current assets (Note 13)	106,923	2	121,620	2
11XX	Total current assets	3,481,431	51	3,766,129	55
	Noncurrent assets				
1510	Financial assets at fair value through profit or loss - noncurrent (Notes 4 and 7)	31,880	-	32,207	-
1517	Financial assets at fair value through other comprehensive income - noncurrent (Notes 4 and 8)	124,976	2	102,782	2
1550	Investments accounted for using equity method (Notes 4 and 11)	2,084,026	31	2,062,574	30
1600	Property, plant and equipment (Notes 4 and 15)	591,372	9	310,550	5
1755	Right-of-use assets (Notes 4 and 16)	71,706	1	92,956	1
1760	Investment property (Notes 4, 17, and 31)	323,521	5	323,521	5
1780	Intangible assets (Note 4)	11,138	-	8,206	-
1840	Deferred tax assets (Note 27)	52,065	1	47,934	1
1915	Advance payments for equipment	705	-	101,801	1
1920	Refundable deposits	6,694	-	5,852	-
1995	Other noncurrent assets	1,609	-	445	-
15XX	Total noncurrent assets	3,299,692	49	3,088,828	45
1XXX	Total assets	$ 6,781,123	100	$ 6,854,957	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Notes 4 and 18)	$ 100,000	2	$ -	-
2130	Contract liabilities - current (Notes 4, 14, 25, and 31)	1,060,741	16	1,597,256	23
2170	Accounts payable (Note 19)	847,952	13	601,610	9
2180	Accounts payable - related parties (Notes 19 and 31)	15,418	-	14,016	-
2200	Other payables (Notes 14 and 20)	601,245	9	588,815	8
2230	Current tax liabilities (Note 27)	67,283	1	56,904	1
2250	Provisions - current (Notes 4, 14, and 21)	8,577	-	35,314	1
2280	Lease liabilities - current (Notes 4, 16, and 31)	30,732	-	37,163	1
2399	Other current liabilities (Note 20)	89,851	1	99,213	1
21XX	Total current liabilities	2,821,799	42	3,030,291	44
	Noncurrent liabilities				
2527	Contract liabilities - noncurrent (Notes 4, 14, 25, and 31)	39,335	-	-	-
2550	Provisions - noncurrent (Notes 4, 14, and 21)	-	-	41,418	1
2570	Deferred tax liabilities (Note 27)	67,214	1	60,578	1
2580	Lease liabilities - noncurrent (Notes 4, 16, and 31)	39,859	1	55,991	1
2640	Net defined benefit liability (Notes 4 and 22)	151,768	2	155,640	2
25XX	Total noncurrent liabilities	298,176	4	313,627	5
2XXX	Total liabilities	3,119,975	46	3,343,918	49
	Equity (Note 24)				
3110	Capital – common stock	1,237,426	18	1,237,426	18
3200	Capital surplus	628,629	9	628,374	9
	Retained earnings				
3310	Legal reserve	725,889	11	671,306	10
3320	Special reserve	-	-	56,639	1
3350	Undistributed earnings	1,098,808	16	916,958	13
3300	Total retained earnings	1,824,697	27	1,644,903	24
3400	Other equity	(29,604)	-	336	-
3XXX	Total equity	3,661,148	54	3,511,039	51
	Total liabilities and equity interests	$ 6,781,123	100	$ 6,854,957	100

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

Chairman: Zhen-Jiang Chen Managerial Officer: Chih-Feng Lee Accounting Officer: Ya-Min Chuang

China Ecotek Corporation
Standalone Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

In Thousand of NTD, Except EPS

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Operating revenues (Notes 4, 14, 25, and 31)				
4100	Sales revenue	$ 136,176	1	$ 113,139	1
4500	Construction revenue	9,193,833	96	8,115,265	95
4600	Technical service revenue	278,832	3	297,652	4
4000	Total operating revenue	9,608,841	100	8,526,056	100
	Operating costs (Notes 10, 14, 26, and 31)				
5110	Cost of goods sold	108,215	1	86,213	1
5500	Construction costs	8,303,285	86	7,401,402	87
5600	Technical service costs	242,799	3	250,781	3
5000	Total operating costs	8,654,299	90	7,738,396	91
5900	Gross profit	954,542	10	787,660	9
5910	Less: Unrealized gain from sale	5,033	-	8,305	-
5920	Plus: Realized gain from sale	6,406	-	8,184	-
5950	Realized gross profit from operations	955,915	10	787,539	9
	Operating expenses (Note 26)				
6100	Selling expenses	37,466	1	39,966	-
6200	General and administrative expenses	427,437	4	401,500	5
6300	Research and development expenses	12,115	-	14,793	-
6000	Total operating expenses	477,018	5	456,259	5
6900	Operating profit	478,897	5	331,280	4
	Non-operating income and expenses (Notes 11, 26, and 31)				
7100	Interest income	32,470	-	19,935	-
7010	Other income	15,386	-	22,596	-
7020	Other profits and losses	(12,770)	-	85,587	1
7050	Financial costs	(1,113)	-	(797)	-
7060	Share of the profit of associates	156,148	2	143,573	2
7000	Total	190,121	2	270,894	3
7900	Profit before income tax	669,018	7	602,174	7
7950	Income tax expense (Notes 4 and 27)	112,126	1	81,655	1
8200	Net profit for the year	556,892	6	520,519	6

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income (Notes 22, 24, and 27)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of the net defined benefit	(12,107)	-	26,139	-
8316	Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	24,192	-	(29,286)	(1)
8317	Gains and losses on hedging instruments	(24,390)	-	58,485	1
8320	Share of the other comprehensive income of associates	(4,837)	-	(9,244)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	2,861	-	(11,068)	-
8360	Items that may be reclassified subsequently to profit or loss				
8370	Share of the other comprehensive income of associates	(27,397)	(1)	60,290	1
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	5,868	-	(11,405)	-
8300	Other comprehensive income for the year, net of income tax	(35,810)	(1)	83,911	1
8500	Total comprehensive income in the current year	$ 521,082	5	$ 604,430	7
	Earnings per share (Note 28)				
9750	Basic	$ 4.50		$ 4.21	
9850	Diluted	4.48		4.18	

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

Chairman: Zhen-Jiang Chen Managerial Officer: Chih-Feng Lee Accounting Officer: Ya-Min Chuang

China Ecotek Corporation
Standalone Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

In Thousand of NTD

Code		Equity attributable to owners of the Company											
		Capital - common stock			Retained earnings				Other equity				
		Shares (In thousand)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translating foreign operations	Unrealized gains and losses on financial assets at fair value through other comprehensive income	Gain and losses on hedging instruments	Total other equity	Total equity
A1	Balance at January 1, 2022	123,743	$ 1,237,426	$ 628,374	$ 631,546	$ 95,811	$ 693,450	$ 1,420,807	$ (103,630)	$ 80,844	$ (33,853)	$ (56,639)	$ 3,229,968
	Appropriation of 2021 earnings (Note 24)												
B1	Legal reserve	-	-	-	39,760	-	(39,760)	-	-	-	-	-	-
B3	Reversal special reserve	-	-	-	-	(39,172)	39,172	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(321,731)	(321,731)	-	-	-	-	(321,731)
		-	-	-	39,760	(39,172)	(322,319)	(321,731)	-	-	-	-	(321,731)
D1	Net income	-	-	-	-	-	520,519	520,519	-	-	-	-	520,519
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	26,900	26,900	48,885	(42,721)	50,847	57,011	83,911
D5	Total comprehensive income (loss)	-	-	-	-	-	547,419	547,419	48,885	(42,721)	50,847	57,011	604,430
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	36	36	-	(36)	-	(36)	-
T1	Adjustment from changes in equity of associate for using equity method	-	-	-	-	-	(1,628)	(1,628)	-	-	-	-	(1,628)
Z1	Balance at December 31, 2022	123,743	1,237,426	628,374	671,306	56,639	916,958	1,644,903	(54,745)	38,087	16,994	336	3,511,039
	Appropriation of 2022 earnings (Note 24)												
B1	Legal reserve	-	-	-	54,583	-	(54,583)	-	-	-	-	-	-
B3	Reversal special reserve	-	-	-	-	(56,639)	56,639	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	(371,228)	(371,228)	-	-	-	-	(371,228)
		-	-	-	54,583	(56,639)	(369,172)	(371,228)	-	-	-	-	(371,228)
D1	Net income	-	-	-	-	-	556,892	556,892	-	-	-	-	556,892
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	(11,689)	(11,689)	(21,529)	16,599	(19,191)	(24,121)	(35,810)
D5	Total comprehensive income (loss)	-	-	-	-	-	545,203	545,203	(21,529)	16,599	(19,191)	(24,121)	521,082
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,819	5,819	-	(5,819)	-	(5,819)	-
T1	Adjustment from changes in equity of associate for using equity method	-	-	255	-	-	-	-	-	-	-	-	255
Z1	Balance at December 31, 2023	123,743	$ 1,237,426	$ 628,629	$ 725,889	$ -	$ 1,098,808	$ 1,824,697	$ (76,274)	$ 48,867	$ (2,197)	$ (29,604)	$ 3,661,148

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

Chairman: Zhen-Jiang Chen Managerial Officer: Chih-Feng Lee Accounting Officer: Ya-Min Chuang

China Ecotek Corporation
Standalone Cash Flow Statements
January 1 to December 31, 2023 and 2022

In Thousand of NTD

Code		2023	2022
	Cash flow from operating activities		
A10000	Profit before income tax	$ 669,018	$ 602,174
A20010	Adjustments for:		
A20100	Depreciation expense	54,093	52,695
A20200	Amortization expense	6,776	5,410
A20400	Net loss (gain) on financial assets and liabilities at fair value through profit or loss	12,099	(85,590)
A20900	Financial costs	1,113	797
A21200	Interest income	(32,470)	(19,935)
A21300	Dividend income	(1,125)	(14,529)
A22300	Share of the profit of associates	(156,148)	(143,573)
A22500	Loss (gain) on disposal of property, plant and equipment	483	(85)
A23900	Unrealized sales margin	5,033	8,305
A24000	Realized sales margin	(6,406)	(8,184)
A29900	Recognition of provisions	5,092	30,150
A29900	Others	108	(155)
A30000	Net changes in operating assets and liabilities		
A31120	Hedging financial assets	30,892	(177,540)
A31125	Contract assets	(802,528)	167,533
A31130	Notes receivable	43	(43)
A31150	Accounts receivable	195,926	(135,728)
A31160	Accounts receivable – related parties	(96,882)	200,020
A31180	Other receivables	(238)	84
A31200	Inventories	7,630	(13,120)
A31240	Other current assets	9,527	(47,597)
A32125	Contract liabilities	(544,204)	(108,260)
A32150	Accounts payable	246,342	(89,849)
A32160	Accounts payable - related parties	1,402	6,885
A32180	Other payables	(457)	60,453
A32200	Provisions	(26,223)	(30,414)
A32230	Other current liabilities	(606)	3,712
A32240	Net defined benefit liability	(15,979)	(81,884)
A33000	Cash used (generated) from operations	(437,689)	181,732
A33500	Income tax paid (received)	(84,017)	93
AAAA	Net cash used (generated) from operating activities	(521,706)	181,825
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(29,052)	-

Code		2023	2022
B00100	Acquisition of financial assets at fair value through profit or loss	(14,811)	-
B00200	Disposal of financial assets at fair value through profit or loss	12,269	248,929
B02400	Refunded payments for shares from capital reduction of investee recognized under the equity method	4,861	15,567
B02700	Acquisition of property, plant and equipment	(187,478)	(119,119)
B02800	Proceeds from disposal of property, plant and equipment	201	85
B03800	Decrease in refundable deposits	4,328	59,598
B04500	Acquisition of intangible assets	(9,708)	(9,660)
B06600	Decrease in other financial assets	351,203	133,154
B06700	Increase in other noncurrent assets	(1,164)	(398)
B07500	Interest received	33,939	13,566
B07600	Dividend received from associates	98,990	200,694
B07600	Dividend received from others	1,125	14,529
BBBB	Net cash generated in investing activities	264,703	556,945
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	100,000	-
C03000	Increase in guarantee deposit received	-	2,423
C03100	Decrease in guarantee deposit received	(8,756)	-
C04020	Repayment of principal of lease liabilities	(35,343)	(32,124)
C04500	Cash dividends paid	(371,228)	(321,731)
C05600	Interest paid	(1,090)	(797)
CCCC	Net cash used in financing activities	(316,417)	(352,229)
EEEE	Net increase (decrease) in cash and cash equivalents	(573,420)	386,541
E00100	Cash and cash equivalents at the beginning of year	1,000,064	613,523
E00200	Cash and cash equivalents at the end of year	$ 426,644	$ 1,000,064

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

Chairman: Zhen-Jiang Chen Managerial Officer: Chih-Feng Lee Accounting Officer: Ya-Min Chuang

China Ecotek Corporation
Notes to Standalone Financial Statements
For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Company History

China Ecotek Corporation (the "Company") was established in March 1993, and its main shareholder is China Steel Corporation (owned 44.76% shares of the Company's voting shares; parent company has substantive control over the Company). The Company mainly engages in the planning, design, installation, maintenance, and environmental impact assessment for environmental protection equipment, co-generation equipment, and steel industry equipment. The shares of the Company have been listed on the Taiwan Stock Exchange since September 2001.

The standalone financial statements are presented in the Company's function currency, the New Taiwan dollars.

2. Date and Procedures of Approval of the Financial Statements

The standalone financial statements were approved by the board of directors and authorized for issue on February 27, 2024.

3. Application of New Standards, Amendments, and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

(II) The IFRSs endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective date Announced by IASB (Note 1)
Amendments to IFRS 16"Leases Liability in a Sale and leaseback"	January 1, 2024(Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS7 and IFRS7 "Supplier Finance Arrangements"	January 1, 2024(Note 3)

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

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

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

As of the date the standalone financial statements were passed by the Board of Directors and released, the Company has determined that other amendments to standards and interpretations will not have a material impact on its financial position and financial performance.

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective date Announced by IASB(Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

As of the date the standalone financial statements were passed by the Board of Directors and released, the Company is still assessing the impact of other amendments to standards and interpretations on its financial position and financial performance, and will disclose the results once assessment is completed.

4. Summarized of Significant Accounting Policies

(I) Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

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

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

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

The Company used the equity method for subsidiaries and associates when preparing the standalone financial statements. For profit/loss, other comprehensive income, and equity in the current year in the standalone financial statements to match the profit/loss, other comprehensive income, and equity attributable to owners of the

Company in the consolidated financial statements, "investments recognized under the equity method," "share of profits/losses of subsidiaries and associates under the equity method," "share of other comprehensive income of subsidiaries and associates under the equity method," and related equity items were adjusted for several accounting differences between the standalone and consolidated basis.

(III) Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the reporting period; and
3. Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

The operating cycle of the construction business is longer than 1 year; hence the construction business of the Company was divided into current and noncurrent according to the general operating cycle.

(IV) Foreign currencies

When the Company was preparing the standalone financial statements, transactions denominated in currencies other than the functional currency (i.e., foreign currencies) are recorded after conversion into the functional currency using the exchange rate on the transaction date.

Foreign currency-denominated monetary items are converted using the closing rate on each balance sheet date. Except for currency translation difference resulting from hedging transactions against exchange rate risk, the currency translation difference resulting from settlement or conversion of monetary items is recognized as income or loss in the current year.

Foreign currency-denominated nonmonetary items carried at fair value are converted at exchange rates on the date of fair value measurement. Currency translation differences are also recognized in current profit or loss; for items that have fair value changes recognized in other comprehensive income, currency translation differences are recognized in other comprehensive income.

Foreign currency-denominated nonmonetary items carried at historical costs are converted on the transaction date and are not re-converted.

If the Company disposes of all equity interests in a foreign operation, or dispose of a portion of equity interests in the subsidiary of a foreign operation but loses control, or the retained equity interest after disposing of an associate of a foreign operation is a financial asset accounted according to the accounting policy for financial instruments, all accumulated currency translation difference related to the foreign operation will be reclassified as profit or loss.

If disposal of a portion of equity interest in a foreign operation by a subsidiary does not result in loss of control, accumulated currency translation difference will be proportionally recognized as an equity transaction but not recognized as profit or loss. Accumulated currency translation difference is reclassified to gains/losses according to the percentage of foreign operations disposed of in any other part.

(V) Inventory

Inventory includes raw materials and finished goods. Inventories are measured at cost and net realizable value, whichever is lower. Unless the inventories are in the same category, the cost and net realizable value is compared for each individual item. Net realizable value is the estimated selling price under normal circumstances, less the estimated cost of completion and selling expenses. The cost of inventories is calculated at its weighted average.

(VI) Investments recognized under the equity method

The Company handles investments in subsidiaries and associates using the equity method.

1. Investment subsidiary

A subsidiary refers to an entity in which the Company exercises control.

Under the equity method, investments are originally recognized at cost, and then its book value increases along with the Company's share of profits, losses and other comprehensive income of subsidiaries and profit distribution. Furthermore, changes to other equity interests of subsidiaries are recognized according to the Company's shareholding ratio.

Any change in the ownership interest that does not cause the Company to lose control of the subsidiary is accounted under the equity method. Difference between the book value of an investee and the fair value of considerations paid/received is directly recognized as equity.

When the Company's share of loss in a subsidiary is equal to or exceeds the Company's equity in the subsidiary (including the subsidiary's carrying amount under the equity method and other long-term equity interests that are part of the Company's net investment in the subsidiary), the loss is recognized according to the shareholding percentage.

When the Company assesses impairment, cash generating units are considered as a whole in financial statements and the recoverable amount is compared with the carrying amount. When the recoverable amount of assets increases, then impairment loss is reversed and recognized as gain. However, after reversal of impairment losses, the carrying amount of assets may not exceed the amortized carrying amount of assets before recognizing impairment loss. Goodwill impairment may not be reversed in subsequent periods.

When the Company loses control over a subsidiary, the Company measures the remaining investment in the former subsidiary based on the fair value on the date control was lost. The difference between the fair value of the remaining investment with the proceeds from disposal and the investment's carrying amount on the date control is lost is listed as profit or loss in the current year. All amounts previously recognized in other comprehensive income related to the subsidiary shall be accounted on the same basis as if the subsidiary had directly disposed of such assets or liabilities.

Unrealized gains from downstream transactions between the Company and subsidiaries are eliminated from the standalone financial statements. Gains/losses arising from upstream transactions between the Company and subsidiaries and transactions among subsidiaries were not within the scope of control exercised by the Company over subsidiaries, and were thus recognized in the standalone financial statements.

2. Investment in associates

An associate is an enterprise in which the Company has significant influence, but is not a subsidiary or a joint venture. Joint venture refers to an agreement between the Company with other companies to have joint control and rights over net assets.

The Company's investments in associates are recognized under the equity method. Under the equity method, investments in associates are originally recognized at cost, and then its book value increases along with the Company's share of profits, losses and other comprehensive income of associates and profit distribution. Furthermore, changes to equity interests of associates are recognized according to shareholding ratio.

When an associate issues new shares, if the Company does not subscribe for the shares according to its shareholding percentage and results in a change in shareholding percentage, which causes the net value of equity invested to increase or decrease, capital surplus – net value of equity of associates recognized under the equity method and investments recognized under the equity method will be adjusted according to the change. If ownership interest in an associate decreases due to not subscribing for or acquiring shares according shareholding ratio, all amounts previously recognized in other comprehensive income related to the associates will be reclassified according to the decreased percentage, and the basis for accounting treatment will be the same as if the associates had directly disposed of such assets or liabilities. If capital surplus needs to be decreased for the adjustment above and the balance of capital surplus from investments recognized under the equity method is insufficient, the difference is deducted from retained earnings.

When the Company is assessing impairment, the overall carrying amount of the investment is viewed as a single asset to compare the recoverable amount with carrying amount for impairment testing, and the impairment losses recognized is a part of the investment's carrying amount. Any reversal of impairment losses is recognized within the scope of increase in recoverable amount of the investment.

The Company stops using the equity method when the investee is no longer an associate, and retained interests in the original associates are measured at fair value. The difference between the fair value and proceeds from the disposal and carrying amount of the investment on the date the equity method is no longer used is listed as a profit or loss in the current year. All amounts previously recognized in other comprehensive income related to associates shall be accounted on the same basis as if the associates had directly disposed of such assets or liabilities.

Gains or losses arising from upstream, downstream, and lateral transactions between the Company and associates were not within the scope of control exercised by the Company over associates, and were recognized in the standalone financial statements.

(VII) Joint operations

Joint operations refer to an agreement between the Company with other companies to have joint control and rights over net assets and jointly responsible for liabilities.

When the Company obtains equity in operations that meet the definition of joint operations, it is handled according to the accounting policy for company mergers. However, this does not apply when the parties that share joint control before and after equity of the joint operations is obtained are under the non-temporary control of the same ultimate controller.

With regard to equity of joint operations, the Company recognizes:

1. Its assets include the share of any jointly owned assets.
2. Its liabilities include the share of any jointly borne liabilities.
3. Its share of sales revenue from joint operations.
4. Its share of income from sale of joint operations.
5. Its expenses include the share of any jointly incurred expenses.

The Company handles assets, liabilities, revenues, and expenses related to joint operations they have an equity interest in according to the applicable standards.

The Company sells or invests assets in joint operations, profits or losses from the transaction are only recognized with the scope of equity interest other parties have in the joint operations. When the Company purchases assets from the joint operations, the share of the profit or loss is not recognized until the asset is sold to a third party.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at cost initially, then measured in cost less accumulated depreciation.

Property, plant and equipment under construction are recognized at cost. Costs include professional service fees. Such assets are measured at cost and net realizable value until they reach the expected level of utilization. Proceeds from sales and costs are recognized in profit or loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use, and depreciation expenses are recognized.

Depreciation is separately recognized for each major part of property, plant and equipment on a straight-line basis. The Company reviews methods for estimating useful life in years, residual value, and depreciation, at a minimum, on the last day of each year, as well as the effect of prospective application of changes to accounting estimates.

When derecognizing property, plant and equipment, the difference between net disposal proceeds and the book value is recognized as gains or losses.

(IX) Investment properties

Investment properties are properties held to earn rentals.

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

The property of property, plant and equipment was reclassified to investment properties by carrying amount at the end of self-use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized as gains or losses.

(X) Intangible assets

1. Independently acquire

Independently acquired intangible assets with a limited useful life is initially measured at cost, and subsequently measured at cost less accumulated amortization. Intangible assets are amortized on a straight-line basis during their useful life. The Company reviews methods for estimating useful life in years, residual value, and amortization, at a minimum, on the last day of each year, as well as the effect of prospective application of changes to accounting estimates. Intangible assets with an indefinite useful life are listed at cost less accumulated impairment losses.

2. Derecognition

When derecognizing intangible assets, the difference between net disposal proceeds and the carrying amount of the assets are recognized as gains or losses in the current year.

(XI) Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets, and assets related to contract cost

The Company evaluates if there are any signs of impairment of property, plant and equipment, right-of-use assets, investment properties, and intangible assets on each balance sheet date. If any signs of impairment exist, then the asset's recoverable amount is estimated. If the recoverable amount cannot be estimated on an individual basis, the Company will instead estimate recoverable amounts for the entire cash-generating unit. The recoverable amount of corporate assets is allocated to the smallest identifiable cash-generating group with a reasonable and consistent basis.

Recoverable amounts are determined as the higher of "fair value less cost to sell" or the "utilization value." If the recoverable amount of an individual asset or cash-generating unit is expected to be lower than its carrying amount, the Company will reduce the carrying amount of the asset or cash-generating unit down to the recoverable amount and recognize impairment loss.

Impairment losses of inventory, property, plant and equipment, and intangible assets recognized due to customer contracts are first recognized according to inventory impairment rules and the provision above. The carrying amount of assets related to contract costs exceeding the balance of considerations that can be expected to be recovered from the provision of related products or professional services, minus directly related costs, is recognized as impairment loss. The carrying amount of contract cost related assets is then calculated in the cash-generating unit to assess the impairment of the cash-generating unit.

When impairment losses are reversed, the carrying amount of the asset, cash-generating unit, or contract cost related asset is increased to the revised recoverable amount. However, the increased carrying amount may not exceed the asset, cash-generating unit, or contract cost related asset's book value in the previous year before impairment loss was recognized (less depreciation and amortization). Reversal of impairment losses is listed in profit and loss.

(XII) Financial instruments

When the Company is a party to contractual provisions of the instruments, financial assets and financial liabilities are recognized in the standalone balance sheet.

If financial assets and financial liabilities being recognized for the first time are not measured at fair value through profit or loss, then the are measured at fair value plus transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities are immediately recognized as profit or loss.

1. Financial assets

Regular transactions of financial assets are recognized and derecognized using transaction date accounting.

(1) Type of measurement

Financial assets held by the Company include financial assets at fair value through profit or loss, financial assets at amortized cost, and equity instruments measured at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets for which the fair value is required to be measured through profit or loss. Financial assets required to be measured at fair value through profit or loss includes investments in equity instruments not specified by the Company to be measured at fair value through other comprehensive income, and investments in liability instruments that do not qualify to be measured at amortized cost or are measured at fair value through other comprehensive income.

For "financial assets at fair value through profit or loss," any profit or loss (including any dividends generated by the financial assets) from the remeasurement of fair value is listed in income. Please refer to Note 30 for methods for determining fair value.

B. Financial assets at amortized cost

Financial assets that the Company invests in are classified as financial assets at amortized cost if they meet both of the conditions below:

a. Held under a certain business model that aims to collect cash flow from the financial asset; and
b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After recognizing financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets, and refundable deposits), they are measured at carrying amount determined using the effective interest rate method less any impairment losses. Any foreign exchange gains or losses are recognized in profit and loss.

Except for the two situations below, interest income is calculated by multiplying the effective interest rate with the financial asset's total carrying amount.

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset.

b. For non-purchased or non-originated credit-impaired financial assets that subsequently become credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate by the amortized cost of the financial asset.

Credit-impaired financial assets mean that the issuer or debtor has encountered major financial difficulties, defaulted, may very likely declare bankruptcy or other financial restructuring, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include highly liquid time deposits and commercial paper that can be converted into a specific amount of cash with low risk of value change within 3 months after being acquired. Cash equivalents are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income

The Company may make an irreversible decision during initial recognition to measure equity instruments, which are not held for trading and not recognized from mergers and acquisitions, at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes to fair value are listed in other comprehensive income and accumulated in other equity. When disposing of investments, accumulated gains or losses is directly transferred to retained earnings and not reclassified as income.

Dividends from equity instruments measured at fair value through other comprehensive income are recognized in income when the Company is determined to have the right to receive the dividends, unless the dividends clearly represent the recovery of partial investment costs.

(2) Impairment of financial assets and contract assets

The Company evaluates the impairment loss of financial assets (including accounts receivable) and contract assets at amortized cost using expected credit losses (ECL) on each balance sheet date.

A loss provision is recognized for lifetime ECL for accounts receivables and contract assets. For other financial assets, whether or not credit risk has significantly increased after the financial asset was recognized is first evaluated. If it has not significantly increased, then a loss provision is recognized for 12-month ECL. If it has significantly increased, then a loss provision is recognized for lifetime ECL.

ECL is the weighted average credit loss using the risk of default as weights. 12-Month ECL is the ECL from potential default on the financial instrument within 12 months after the reporting date. Lifetime ECL is the ECL from potential default during the expected lifetime of the financial instrument.

For the purpose of internal credit risk management, the Company may deem a financial asset to be in default in the event of any one of the following situations without considering collateral:

A. There is internal or external information showing that the debtor is no longer able to repay debts.
B. More than 120 days late, unless there is reasonable information with evidence supporting that it is better to extend the deadline for determining default.

The impairment loss on all financial assets is recognized by lowering the book value of the loss provision.

(3) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the financial asset are terminated or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

When derecognizing a financial asset at amortized cost, the difference between carrying amount and consideration received is recognized in gain or loss. When derecognizing investments in equity instruments at fair value through other comprehensive income, accumulated gains is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

Equity instruments issued by the Company are recognized at the price amount obtained less the direct flotation costs.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest rate method.

(2) Derecognition of financial liabilities

When a financial liability is derecognized, any difference between it's carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) is recognized in gain or loss.

(XIII) Hedge accounting

The Company engages in cash flow hedges using designated hedging tools (including non-derivative tools for avoiding exchange rate risk), and uses cash flow hedges for hedging against exchange rate risks of firm commitments.

Gain and loss on the effective portion of designated hedging tools that are cash flow hedges are recognized in other comprehensive income. The ineffective portion is immediately recognized as profit or loss.

When a hedge is recognized as profit or loss, the amount originally recognized in other comprehensive income will be reclassified to profit or loss, and recognized under hedged items in the Standalone Statements of Comprehensive Income. However, when expected hedging transactions are recognized as non-financial assets or non-financial liabilities, the amount originally recognized in other comprehensive income will be transferred from equity to the original cost of the non-financial asset or liability.

The Company only extends or suspends hedge accounting when the hedging relationship no longer meets the criteria of hedge accounting. This includes the maturity, sale, termination, or exercise of hedging tools. The amount already recognized in other comprehensive income during the effective period of the hedge is still recognized in equity before the expected transaction occurs. When the expected transaction is no longer expected to occur, the amount originally recognized in other comprehensive income will be immediately recognized in profit or loss.

(XIV) Provision

The amount recognized as liability provision give considers to the risk and uncertainty of obligations. It represents the best estimate of the cash outlay needed to settle obligations on the balance sheet date. Liability provision is measured at the discounted cash flow required to settle obligations.

1. Onerous contracts of projects

When the Company expects that unavoidable costs of fulfilling obligations of a construction contract will exceed the economic benefits expected to be obtained from the contract, the present obligation of the project's onerous contract is recognized as a liability provision. When evaluating whether a contract is losing the contract cost includes both incremental cost and other allocated direct costs.

2. Decommissioning and maintenance reserve

When equipment maintenance reserve is recognized as an expense in the current year according to commercial practices, and there is new information that makes it necessary to revise previous estimates, a change in accounting estimate is made to adjust the profit or loss in the current year. When maintenance costs are paid, the equipment maintenance reserve is first offset, and any shortfall is recognized as an expense in the current year.

(XV) Revenue recognition

After the Company identifies its contractual obligations with each customer, it allocates the transaction price to each contractual obligation, and then recognizes revenue when each contractual obligation is fulfilled.

1. Sale of goods

Sales revenue is recognized when the Company fulfills contractual obligations by transferring goods to the customer (in principle, when the goods are shipped for domestic sales and when the goods are loaded on to the ship for exports).

Sales revenue is measured at the fair value of considerations (after commercial discounts and quantity discounts) agreed to by the Company with customers. For contracts in which the transfer of goods and collection of consideration is less than one year apart, the trading price of its significant financing component is not adjusted.

2. Construction revenue

Revenue from construction contracts is gradually recognized by the Company in the construction process. The costs incurred by construction are directly related to the fulfillment of contractual obligations, so the Company estimates progress based on the ratio of actual costs to the estimated total project cost. The Company gradually recognizes contract assets in the construction process, and lists them under accounts receivable when an invoice is issued. If the construction payment collected exceeds the amount recognized in revenue, the difference is recognized in contract liabilities. Pursuant to the terms and conditions of contracts, the purpose of construction retainage is to ensure that the Company completes all contractual obligations, and is recognized as a contract asset before the Company completes contract performance.

3. Provision of labor services

Revenue from the provision of labor services according to a contract is recognized according to the progress of contract completion.

(XVI) Lease

On the date a contract is formed, the Company evaluates if the contract is (or includes) a lease.

Where the Company is the lessee

Except for low value asset leases and short-term leases, for which lease payments are recognized as expenses on a straight-line basis over the lease tenor, other leases are all recognized as right-of-use assets and lease liabilities from the start date of the lease.

Right-of-use assets are initially measured at cost (including the original amount of lease liabilities), and are subsequently measured at cost less accumulated depreciation and accumulated impairment loss, with adjustments made to the remeasurement of lease liabilities. Right-of-use assets are independently presented in the balance sheet.

Depreciation of right-of-use assets is recognized on a straight-line basis from the start date of the lease until the expiry of its useful life or lease tenor, whichever is earlier.

Lease liabilities (including fixed payments and variable lease payments determined by an index or rate) are initially measured at the present value of lease payments. If the interest rate implicit in a lease is easy to determine, then lease payments will be discounted using the interest rate. If the interest rate is not easy to determine, then the lessee's incremental borrowing rate of interest is used.

In subsequent periods, lease liabilities were measured at amortized cost using the effective interest rate method, and interest expense is recognized over the lease term. If there is a change to the lease tenor or the index or fee rate used to determine lease payments that results in a change in future lease payments, the Company will remeasure lease liabilities and adjust corresponding right-of-use assets. However, if the carrying amount of right-of-use assets has been reduced to zero, then the remaining remeasurement amount will be recognized in profit or loss. Lease liabilities are independently presented in the balance sheet.

Where the Company is the lessor

Proceeds received for an operating lease are recognized as income on a straight-line basis over the lease tenor. All initial and direct costs incurred in relation to the negotiation and arrangement of operating leases are added to the book value of the lease asset, and recognized as gains using the straight-line basis over the lease tenor. Under an operating lease agreement, contingent rent is recognized as gains in the year of occurrence.

(XVII) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assests, until such time as the assets are substantially ready for their intended use or sale.

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

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

(XVIII) Employee benefits

1. Short-term employee benefits

Short-term employee benefits-related liabilities are measured at the undiscounted amount of the benefits expected to be paid in exchange for employee services.

2. Post-employment benefit

For defined contribution plans, pension contributions made by the Company over the course of employment are listed as expenses; the cost of defined benefits (including service cost, net interest, and number of remeasurement) for defined benefit plans is calculated using the projected unit credit method. Service costs (including service costs in the current period) and net interest accrued on net defined benefit liabilities are recognized as employee benefit expenses when they occur. The number of remeasurement (including calculation of income and losses and return on assets of the plans less interest) is recognized in other comprehensive income when it occurs and listed in retained earnings, and is not reclassified to profit or loss.

Net defined benefit liability is the deficit of contributions to defined benefit plans.

(XIX) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The Company determines current income (loss) according to the regulations enacted by each income tax reporting jurisdiction, and calculates the income tax payable (recoverable) on this basis.

Income tax on undistributed earnings is calculated in accordance with the Income Tax Act and recognized in the year the resolution is adopted by the shareholders' meeting.

An adjustment to the income tax payable in the previous year is listed as the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities from the taxable income that was calculated. Deferred income tax liabilities are generally recognized based on the taxable temporary difference, and deferred income tax assets are recognized when there is likely to be taxable income to offset the temporary difference.

Taxable temporary differences relating to subsidiaries, associated companies and joint ventures are recognized as deferred income tax liabilities, except in cases where the Company is able to control the timing of which temporary differences are reversed, and that such temporary differences are highly unlikely to reverse in the foreseeable future. Deductible temporary differences relating to these investments are recognized as deferred income tax assets only to the extent that sufficient taxable income can be earned to offset the temporary differences, and that reversal is expected to occur in the foreseeable future.

The book value of deferred income tax assets is reexamined on each balance sheet date, and the book value is reduced if it is not very likely there will be sufficient taxable income to recover all or a part of the assets. Those that were not recognized as deferred income tax assets are also reexamined on each balance sheet date, and the book value is increased if it is very likely there will be sufficient taxable income to recover all or a part of the assets.

Deferred income tax assets and liabilities are measured using the tax rate in the period in which liabilities are expected to be paid off or assets are expected to be realized. The tax rate is based on the tax rate and tax law that has been enacted or substantially enacted on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects on the tax effects of the ways the Company expects to recover or pay off the book value of its assets or liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except for items that are bound to be recognized under other comprehensive income or directly as other equity items.

5. Critical accounting judgments and key sources of estimation uncertainty

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

The management will continuously review the estimates and underlying assumptions when developing significant accounting estimates in the Company.

Key Sources of Estimation Uncertainty

Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Incentives and penalties stipulated in the contract are considered as variable consideration and should be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts.

6. Cash and cash equivalents

	December 31,2023	December 31,2022
Cash on hand	$ 875	$ 877
Checking accounts and demand deposits	155,769	199,187
Cash equivalents (investments with original maturities of less than 3 months)		
Commercial papers	270,000	800,000
	$ 426,644	$ 1,000,064

7. Financial instruments at fair value through profit or loss

	December 31,2023	December 31,2022
Current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Emerging market shares in Taiwan	$ 85,081	$ 94,311
Noncurrent		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets – Unlisted shares in Taiwan	$ 31,880	$ 32,207

8. Financial instruments at fair value through other comprehensive income

	December 31,2023	December 31,2022
Current		
Equity instrument investments		
Listed shares	$ 31,050	$ -
Noncurrent		
Equity instrument investments		
Foreign investments – Unlisted shares	$ 124,976	$ 102,782

9. Notes, Accounts receivable and other receivables

	December 31,2023	December 31,2022
Notes receivable		
Measured at amortized cost	$ -	$ 43
Accounts receivable (including related parties)		
Measured at amortized cost	$ 625,585	$ 724,629
Other receivables		
Interest receivable	$ 5,998	$ 7,467
Technical service revenue receivable	5,416	4,968
Others	-	210
	$ 11,414	$ 12,645

(I) Accounts receivable

The Company's accounts receivable is measured at amortized cost. The Company makes prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Company continues to manage the financial condition and entire credit risk of their customers, and obtain sufficient collateral if needed to mitigate the risk of financial loss from late payment.

The Company continues to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Company reviews the recoverable amounts of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

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

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the impaired aging analysis.

December 31,2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 625,542	$ 32	$ 11	$ -	$ -	$ 625,585
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 625,542	$ 32	$ 11	$ -	$ -	$ 625,585

December 31,2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 724,672	$ -	$ -	$ -	$ -	$ 724,672
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 724,672	$ -	$ -	$ -	$ -	$ 724,672

(II) Other receivables

The Company estimates the unrecoverable amount based on its historical experience and analysis of current financial position, and allocates a loss provision accordingly.

There was no loss provision balance as at December 31, 2023 and 2022.

10. Inventories

	December 31,2023	December 31,2022
Raw materials	$ 4,712	$ 4,595
Finished goods	6,992	14,739
	$ 11,704	$ 19,334

The cost of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 were NT$108,215 thousand and NT$86,213 thousand, respectively.

11. Investments recognized under the equity method

	December 31,2023	December 31,2022
Investment in subsidiary	$ 1,019,560	$ 1,027,067
Investment in associates	1,064,466	1,035,507
	$ 2,084,026	$ 2,062,574

Investment in subsidiaries

	December 31,2023		December 31,2022	
	Amount	% of Ownership	Amount	% of Ownership
CEC Development Corporation	$ 984,713	100	$ 986,012	100
CEC International Corporation	34,812	100	41,017	100
China Ecotek India Private Limited	35	0.1	38	0.1
	$ 1,019,560		$ 1,027,067	

Investment in associates

		December 31,2023		December 31,2022
Material associates				
China Steel Machinery Corporation (CSMC)	$	558,730	$	529,821
CSC Solar Corporation (CSCSOLAR)		293,643		280,240
		852,373		810,061
Associates that are not individually material		212,093		225,446
	$	1,064,466	$	1,035,507

(I) Material associates

Name of Associate	Main Businesses	Principal place of business	Shareholding and voting rights (%) December 31, 2023	Shareholding and voting rights (%) December 31, 2022
CSMC	Production and sales of machinery and equipment, such as steel equipment, railway vehicles, transportation equipment, and power generators	Kaohsiung City	26.02	26.02
CSCSOLAR	Solar power generation	Kaohsiung City	20	20

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

CSMC

		December 31,2023		December 31,2022
Current assets	$	3,862,592	$	3,776,675
Noncurrent assets		1,296,783		1,367,849
Current liabilities		(2,842,659)		(2,836,946)
Noncurrent liabilities		(169,407)		(271,372)
Equity	$	2,147,309	$	2,036,206
Proportion of the Corporation's ownership (%)		26.02		26.02
Equity attributable to the Corporation (carrying amount of the investment)	$	558,730	$	529,821

		2023		2022
Operating revenue	$	5,511,709	$	6,106,697

Net profit for the year	$	391,776	$	293,158
Other comprehensive income		(1,991)		50,197
Total comprehensive income	$	389,785	$	343,355

CSCSOLAR

		December 31,2023		December 31,2022
Current assets	$	167,577	$	148,887
Noncurrent assets		4,154,301		4,122,408
Current liabilities		(950,131)		(969,251)
Noncurrent liabilities		(1,402,628)		(1,393,073)
Equity	$	1,969,119	$	1,908,971
Proportion of the Corporation's ownership (%)		20		20
Equity attributable to the Corporation	$	393,824	$	381,794
Unrealized gains or losses resulting from transactions		(100,181)		(101,554)
Carrying amount of the investment	$	293,643	$	280,240

		2023		2022
Operating revenue	$	527,517	$	482,647
Net profit for the year	$	116,446	$	121,014
Other comprehensive income		4,742		(2,380)
Total comprehensive income	$	121,188	$	118,634

Aggregate information of associates that are not individually material

		2023		2022
The Corporation's share of				
Net profit for the year	$	2,908	$	11,392
Other comprehensive income		(3,562)		(18,564)
Total comprehensive income	$	(654)	$	(7,172)

The Company held more than 20% of the shares with its parent company CSC and fellow subsidiaries are accounted for using the equity method.

Refer to Table 5 "Information on Investees" and Table 6"Information on Investments in Mainland China" for the nature of business, principal place of business, and country of registration of the investees above.

12. Hedging financial assets and other financial assets

Financial assets for hedging - current	December 31,2023	December 31,2022
Time deposits	$ 825,449	$ 654,994
Demand deposits	103,811	329,548
	$ 929,260	$ 984,542

The Company purchases foreign currency bank deposits to pay for materials purchased from other countries for construction projects, in order to lower the cash flow risk generated by exchange rate fluctuations. Please refer to Note 30.

Other financial assets – current	December 31,2023	December 31,2022
Restricted bank deposits (Note 32)	$ 350	$ 251,553
Time deposits with original maturities more than 3 months	-	100,000
	$ 350	$ 351,553

13. Other current assets

	December 31,2023	December 31,2022
Advance payments	$ 51,809	$ 39,973
Temporary and stand-in payments	33,914	56,914
Refundable deposits	19,563	24,733
Prepaid sales tax and excess VAT paid	1,637	-
	$ 106,923	$ 121,620

14. Joint control operations

Since March 2004, the Company and jointly contracted were contracted to jointly operate and maintain water treatment equipment of Chengcing Lake water treatment plant for a 15-year period until February 2019. The Company obtained a new contract to February 2022, and according to the agreement in the contract the performance period was extended to February 2025. According to the contract, operation and maintenance work should be jointly controlled and operated by both parties. The assets, liabilities, revenue and costs related to this project are shared by the Company (51%) and foreign contractor (49%). A bank account for working capital was opened in the Company's name.

Items handled by the contractor include:

	December 31,2023	December 31,2022
Demand deposits	$ 92,747	$ 111,491
Temporary receipts (funds collected on behalf of the joint company)	$ 42,613	$ 46,586

As of December 31, 2023 and 2022, the bank has provided Taiwan Water Corporation with a performance guarantee of NT$51,000 thousand.

The Company recognized the following amounts of assets, liabilities, revenue, and costs of joint operations in the standalone financial statements:

(1) Assets

	December 31,2023	December 31,2022
Demand deposits	$ 47,301	$ 56,860

(2) Liabilities

	December 31,2023	December 31,2022
Contract liabilities (including current and noncurrent)	$ 18,708	$ -
Other payables (Note 20)	12,787	19,648
Provision (including current and noncurrent)	-	18,198
	$ 31,495	$ 37,846

(3) Revenues and costs

	2023	2022
Operating revenue	$ 134,960	$ 158,116
Operating costs	130,387	136,761
Gross profit	$ 4,573	$ 21,355

15. Property, plant and equipment

2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold improvements	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
Balance at January 1, 2023	$ 205,627	$ 96,469	$ 99,721	$ 6,619	$ 63,113	$ 43,062	$ 5,031	$ 519,642
Additions	-	-	9,974	1,511	-	10,145	279,808	301,438
Disposals	-	-	(3,972)	(738)	-	(6,666)	-	(11,376)
Reclassify	-	-	-	-	-	-	131	131
Balance at December 31, 2023	$ 205,627	$ 96,469	$ 105,723	$ 7,392	$ 63,113	$ 46,541	$ 284,970	$ 809,835
Accumulated depreciation								
Balance at January 1, 2023	$ -	$ 50,680	$ 58,693	$ 5,436	$ 59,933	$ 34,350	$ -	$ 209,092
Depreciation	-	2,076	8,345	397	3,180	6,065	-	20,063
Disposals	-	-	(3,291)	(738)	-	(6,663)	-	(10,692)
Balance at December 31, 2023	$ -	$ 52,756	$ 63,747	$ 5,095	$ 63,113	$ 33,752	$ -	$ 218,463
Carrying amount at December 31, 20223	$ 205,627	$ 43,713	$ 41,976	$ 2,297	$ -	$ 12,789	$ 284,970	$ 591,372

2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold improvements	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
Balance at January 1, 2022	$ 529,148	$ 96,469	$ 117,977	$ 6,667	$ 63,113	$ 42,668	$ 500	$ 856,542
Additions	-	-	7,473	-	-	4,895	4,531	16,899
Disposals	-	-	(25,729)	(48)	-	(4,501)	-	(30,278)

2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Leasehold improvements	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Reclassify to investment property	(323,521)	-	-	-	-	-	-	(323,521)
Balance at December 31, 2022	$ 205,627	$ 96,469	$ 99,721	$ 6,619	$ 63,113	$ 43,062	$ 5,031	$ 519,642
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 48,563	$ 77,171	$ 5,040	$ 55,395	$ 34,249	$ -	$ 220,418
Depreciation	-	2,117	7,251	444	4,538	4,602	-	18,952
Disposals	-	-	(25,729)	(48)	-	(4,501)	-	(30,278)
Balance at December 31, 2022	$ -	$ 50,680	$ 58,693	$ 5,436	$ 59,933	$ 34,350	$ -	$ 209,092
Carrying amount at December 31, 2022	$ 205,627	$ 45,789	$ 41,028	$ 1,183	$ 3,180	$ 8,712	$ 5,031	$ 310,550

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings	
Main building	35-55 years
Renovation	10 years
Machinery and equipment	3-10 years
Transportation equipment	3-10 years
Leasehold improvements	4-10 years
Other Equipment	3-10 years

16. Lease agreement

(I) Right-of-use assets

	December 31,2023	December 31,2022
Right-of-use assets		
Land	$ 3,383	$ 10,150
Buildings	51,220	68,909
Machinery	572	1,000
Transportation equipment	16,531	12,897
	$ 71,706	$ 92,956

		2023		2022
Additions to right-of-use assets	$	12,780	$	34,272
Depreciation charge for right-of-use assets				
Land	$	6,767	$	6,766
Buildings		17,689		18,397
Machinery		428		429
Transportation equipment		9,146		8,151
	$	34,030	$	33,743

Except for the additions and depreciation charge above, there was no significant sub-lease and impairment of the Company's right-of-use assets in 2023 and 2022.

(II) Lease liabilities

		December 31,2023		December 31,2022
Current	$	30,732	$	37,163
Non-current	$	39,859	$	55,991

Range of discount rate (%) for lease liabilities was as follows:

	December 31,2023	December 31,2022
Land	0.56	0.56
Buildings	0.56-1.71	0.56-1.71
Machinery	0.57	0.57
Transportation equipment	0.56-1.68	0.56-1.68

(III) Important lease activities and clauses

The Company leased factories, land, and offices for operations from non-related parties Pwu Diing Enterprise Co., Ltd., You Cheng Enterprise Co., Ltd., Port of Taichung, and Jye Chi Corporation, and the parent company CSC with a lease period of 3-10 years.

(IV) Others lease information

	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 5,673	$ 5,311
Expenses relating to variable leases payments not included in the measurement of lease liabilities	$ 2,321	$ 1,446
Total cash outflow for leases	$ 44,289	$ 39,677

For buildings and transportation equipments which qualify as short-term leases and as low-value asset leases, the Company has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

For the agreement of the Company to lease its own investment properties, please refer to Note 17.

17. Investment propertiey

	December 31,2023	December 31,2022
Land	$ 323,521	$ 323,521

The fair value of investment property on December 31, 2023 was NT$361,000 thousand. The fair value has not been evaluated by an independent evaluator, but was measured by the company's management with reference to market evidence of similar real estate transaction prices using level 3 input values.

Future minimum leases for operating leases had been fully charged.

The investment property is ownd by the Company.

For the leased transactions to related parties, please refer to Note 31.

18. Borrowings

	December 31,2023	December 31,2022
Unsecured loans	$ 100,000	$ -
Interest rate (%)	1.66	-

19. Accounts payable

The company's accounts payable (including related parties) are all incurred due to business operations, and the Company does not provide collateral to creditors for accounts payable (including related parties).

The Company established a financial risk management policy to ensure all payables are repaid within the credit period agreed to in advance, hence interest does not need to be added.

Accounts payable include construction retainage in construction contracts. Interest is not accrued on construction retainage, and is paid after the retention period of the construction contract ends. The retention period is the normal business cycle of the Company, and usually exceeds 1 year.

20. Other liabilities

Current	December 31,2023	December 31,2022
Other payables		
Salaries and bonus	$ 512,530	$ 472,570
Compensation of employees and remuneration of directors	28,331	31,355
Equipment operation and maintenance expenses (Note 14)	12,787	19,648
Business tax	-	33,552
Others	47,597	31,690
	$ 601,245	$ 588,815

	December 31,2023	December 31,2022
Other current liabilities		
Temporary receipts	$ 44,146	$ 48,140
Collections for third parties	29,230	25,842
Deposits received	11,615	20,371
Others	4,860	4,860
	$ 89,851	$ 99,213

21. Provision

Current	December 31,2023	December 31,2022
Onerous contracts	$ 8,577	$ 18,209
Decommissioning and maintenance reserve	-	17,105
	$ 8,577	$ 35,314

Non-current		
Decommissioning and maintenance reserve	$ -	$ 41,418

	Onerous contracts	Decommissioning and maintenance reserve	Total
Balance at January 1,2023	$ 18,209	$ 58,523	$ 76,732
Recognized (Reversal)	8,505	(3,413)	5,092
Paid	(18,137)	(8,086)	(26,223)
Reclassify	-	(47,024)	(47,024)
Balance at December 31,2023	$ 8,577	$ -	$ 8,577
Balance at January 1,2022	$ 23,638	$ 53,358	$ 76,996
Recognized	2,200	27,950	30,150
Paid	(7,629)	(22,785)	(30,414)
Balance at December 31,2022	$ 18,209	$ 58,523	$ 76,732

22. Retirement benefit plans

(I) Defined contribution plans

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

(II) Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

The amount of defined benefit plans included in the standalone balance sheets were as follows:

		December 31,2023		December 31,2022
Present value of defined benefit obligation	$	626,653	$	605,305
Fair value of plan assets		(474,885)		(449,665)
Net defined benefit liabilities	$	151,768	$	155,640

Movements of net defined benefit liabilities were as follows:

		Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities
Balance at January 1,2023	$	605,305	$	(449,665)	$	155,640
Service cost						
Current service cost		9,420		-		9,420
Interest expense (income)		9,080		(6,919)		2,161
Recognized in profit or loss		18,500		(6,919)		11,581
Remeasurement						
Return on plan assets (excluding amounts included in net interest)		-		(2,596)		(2,596)
Actuarial loss - changes in financial assumptions		13,958		-		13,958
Actuarial loss - experience adjustments		745		-		745
Recognized in other comprehensive income		14,703		(2,596)		12,107
Benefits paid		(11,855)		7,436		(4,419)
Contributions from the employer		-		(23,141)		(23,141)
Balance at December 31,2023	$	626,653	$	(474,885)	$	151,768

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1,2022	$ 618,862	$ (355,199)	$ 263,663
Service cost			
Current service cost	11,073	-	11,073
Interest expense (income)	3,067	(1,784)	1,283
Recognized in profit or loss	14,140	(1,784)	12,356
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(24,402)	(24,402)
Actuarial gain - changes in financial assumptions	(16,455)	-	(16,455)
Actuarial loss - experience adjustments	14,718	-	14,718
Recognized in other comprehensive income	(1,737)	(24,402)	(26,139)
Benefits paid	(25,960)	16,098	(9,862)
Contributions from the employer	-	(84,378)	(84,378)
Balance at December 31,2022	$ 605,305	$ (449,665)	$ 155,640

Summary of defined benefit plans recognized in profit or loss by function:

	2023	2022
Summary by function		
Operating costs	$ 9,407	$ 9,204
Selling expenses	336	445
Administrative expenses	1,778	2,649
R&D expenses	60	58
	$ 11,581	$ 12,356

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1. Investment risks

   The Bureau of Labor Funds (BLF), Ministry of Labor (MOL) invests the labor pension fund in domestic (overseas) equity securities, bonds, and bank deposits at its own discretion and through mandated investments. However, the distributable amount of assets may not be lower than gains calculated using the interest rate for 2-year time deposits at local banks.

2. Interest rate risk

   A decrease in government bond interest rate will cause the present value of defined benefit liabilities to increase. However, this will be partially offset by an increase in the return on the plan's debt investments.

3. Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligations were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2023	December 31, 2022
Discount rate (%)	1.250	1.500
Estimated salary growth rate (%)	3.500	3.500
Mortality rate	Sixth Taiwan Standard Ordinary Experience Mortality Table	Sixth Taiwan Standard Ordinary Experience Mortality Table
Employee turnover rate (%)	0-4.0	0-4.0
Disability rate	10% of mortality rate	10% of mortality rate

If a reasonable change to a significant actuarial assumption occurs while all other assumptions remain the same, the amount of increase (decrease) in the present value of defined benefit liabilities is as follows:

	December 31,2023	December 31,2022
Discount rate		
0.25% increase	$ (13,958)	$ (14,391)
0.25% decrease	$ 14,418	$ 14,888
Expected rate of salary increase		
0.25% increase	$ 13,891	$ 14,371
0.25% decrease	$ (13,521)	$ (13,967)

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

	December 31,2023	December 31,2022
The expected contributions to the plan for the next year	$ 18,842	$ 23,289
The average duration of the defined benefit obligation	8.8 years	9.6 years

23. Asset and liability maturity analysis

Assets and liabilities of the Company related to environmental protection projects are divided into current and noncurrent based on business cycle. Accounts are listed by amount expected to be collected or paid within 1 year or longer than 1 year after the balance sheet date:

December 31,2023	Within 1 year	Over 1 Year	Total
Assets			
Contract assets-current	$ 1,229,007	$ 24,413	$ 1,253,420
Accounts receivable (including related parties)	625,585	-	625,585
Restricted bank deposits - recognized in other financial assets	-	350	350
Refundable deposits - recognized in other current assets	19,563	-	19,563
	$ 1,874,155	$ 24,763	$ 1,898,918
Liabilities			
Contract liabilities - current	$ 1,040,897	$ -	$ 1,040,897
Accounts payable (including related parties)	808,908	54,462	863,370
Provisions - current	2,082	6,495	8,577
Deposits received - recognized in other current liabilities	5,048	6,567	11,615
	$ 1,856,935	$ 67,524	$ 1,924,459

December 31,2022	Within 1 year	Over 1 Year	Total
Assets			
Contract assets-current	$ 312,147	$ 138,745	$ 450,892
Notes receivable	43	-	43

	Within 1 year	Over 1 Year	Total
Accounts receivable (including related parties)	724,629	-	724,629
Restricted bank deposits - recognized in other financial assets	251,203	350	251,553
Refundable deposits - recognized in other current assets	15,952	8,781	24,733
	$ 1,303,974	$ 147,876	$ 1,451,850
Liabilities			
Contract liabilities - current	$ 1,260,235	$ 337,021	$ 1,597,256
Accounts payable (including related parties)	558,970	56,656	615,626
Provisions - current	32,236	3,078	35,314
Refund liabilities - recognized in other current liabilities	12,699	7,672	20,371
	$ 1,864,140	$ 404,427	$ 2,268,567

24. Equity

(I) Capital – common stock

	December 31,2023	December 31,2022
Number of shares authorized (in thousands)	220,000	220,000
Authorized capital	$ 2,200,000	$ 2,200,000
Number of shares issued and fully paid (in thousands)	123,743	123,743
Issued capital	$ 1,237,426	$ 1,237,426

The Company's common shares have a face value of NT$10. Each share is entitled to one voting right and the right to receive dividends.

(II) Capital surplus

	December 31,2023	December 31,2022
May be used to offset deficit, distribute cash or transfer to share capital (see Note below)		
Additional paid-in capital	$ 628,364	$ 628,364
May be used to offset deficit only		
Gains on the disposal of fixed assets	10	10
Adjustment from changes in equity of associate for using equity method	255	-
	265	10
	$ 628,629	$ 628,374

Note: The capital surplus could be used to offset a deficit and distribute as cash dividends or transfer to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital).

(III) Retained earnings and dividend policy

Pursuant to the Articles of Incorporation, if there is a profit after year-end closing, after compensating for losses of previous years, it shall be distributed in the following order:

1. Appropriate 10% as the legal reserve, until the aggregate amount has reached the Company's paid-in capital.
2. Set aside or reverse a special reserve depending on operating needs and regulatory requirements.
3. Where there are still distributable earnings, the board of directors shall then submit an earnings distribution proposal to the shareholders' meeting for approval

The Company is in a high-tech engineering market with stable growth and also develops diverse strategies at the same time. The Company also expands the business operating foundation in the development of investment plans, including environmental protection and energy etc. During the establishment of the proposal for distribution of earnings by the board of directors, it is necessary to consider the stability of dividends. Except when there is need for capital, the earnings distributed each year shall account for more than 50 percent of the distributable earnings, and where the shareholders' cash dividend shall not be less than 10 percent of the shareholders' dividend.

The legal reserve may be used to offset losses. When the Company does not have any losses, the amount of legal reserve that exceedes 25% of paid-in capital may be capitalized and may also be distributed in cash.

The Company passed the 2022 and 2021 earnings distribution in the annual general meeting in June 2023 and 2022, respectively:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 54,583	$ 39,760		
Special reserve (reversal)	(56,639)	(39,172)		
Cash dividends	371,228	321,731	$ 3.0	$ 2.6
	$ 369,172	$ 322,319		

The Company passed the 2023 earnings distribution in the Board meeting in February 2024:

	Appropriation of Earnings	Dividend Per Share (NT$)
Legal reserve	$ 55,102	
Special reserve	29,604	
Cash dividends	408,350	$ 3.3

	Appropriation of Earnings	Dividend Per Share (NT$)
	$ 493,056	

The appropriations of earnings for 2023 are subject to the resolution of the shareholder's meeting to be held in June 2024.

(IV) Other equity items

1. Exchange differences on translating foreign operations

	2023	2022
Balance, beginning of the year	$ (54,745)	$ (103,630)
Recognized during the year		
Share from subsidiaries and associates accounted for using the equity method	(27,397)	60,290
Income tax relating to share from subsidiaries and associates accounted for using the equity method	5,868	(11,405)
Other comprehensive income (loss) recognized in the year	(21,529)	48,885
Balance, end of the year	$ (76,274)	$ (54,745)

2. Unrealized gains and losses on financial assets at fair value through other comprehensive income

	2023	2022
Balance, beginning of the year	$ 38,087	$ 80,844
Recognized during the year		
Unrealized gains and losses - equity instruments	24,192	(29,286)

	2023	2022
Share from associates accounted for using the equity method	(3,154)	(19,292)
Income tax effect	(4,439)	5,857
Other comprehensive income (loss) recognized in the year	16,599	(42,721)
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(5,819)	(36)
Balance, end of the year	$ 48,867	$ 38,087

3. Gains and losses on hedging instrument

	2023	2022
Balance, beginning of the year	$ 16,994	$ (33,853)
Recognized during the year		
Profit or loss from changes in fair value of hedging tools – Exchange rate risk	2,438	4,557
Share from associates accounted for using the equity method	321	4,059
Income tax effect	(488)	(911)
Reclassification adjustment		
Profit or loss from changes in fair value of hedging tools – Exchange rate risk	(26,828)	53,928
Income tax effect	5,366	(10,786)
Other comprehensive income (loss) recognized in the year	(19,191)	50,847
Balance, end of the year	$ (2,197)	$ 16,994

25. Revenues

The Company's operating revenues on the Standalone Statement of Comprehensive Income are all from contracts with customers, and have been divided according to economic factors.

(I) Contract balance

	December 31,2023	December 31,2022	January 1,2021
Notes and accounts receivable (including related parties)	$ 625,585	$ 724,672	$ 788,921
Contract assets-current			
Construction contracts	$ 1,253,420	$ 450,892	$ 618,425
Contract liabilities - current and noncurrent			
Construction contracts	$ 1,040,897	$ 1,597,256	$ 1,705,420
Technical service revenue	59,179	-	-
Sales contracts	-	-	96
	$ 1,100,076	$ 1,597,256	$ 1,705,516

The changes in the balance of contract assets and contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	2023	2022
From the contract liabilities at the beginning of the year		
Construction contracts	$ 1,276,805	$ 1,203,136
Sale contracts	-	96
	$ 1,276,805	$ 1,203,232

(II) Partially completed contracts

As of December 31, 2023 and 2022, the transaction price allocated to the performance obligations that were not fully satisfied amounted to NT$14,921,273 thousand and NT$17,448,064 thousand, respectively. The Company will recognize revenue as the construction is being completed and expected timing for recognition of revenue is on various dates through June 2027.

26. Profit before income tax

Profit before income tax includes the following items:

(I) Interest income

	2023	2022
Demand deposits	$ 25,695	$ 16,202
Others	6,775	3,733
	$ 32,470	$ 19,935

(II) Other income

	2023	2022
Rental income	$ 11,664	$ 7,510
Dividend income	1,125	14,529
Others	2,597	557
	$ 15,386	$ 22,596

(III) Other profits and losses

	2023	2022
Gains (Losses) on financial assets at fair value through profit or loss	$ (12,099)	$ 85,590
Net foreign exchange gain	87	1,033
Others	(758)	(1,036)
	$ (12,770)	$ 85,587

The net foreign exchange gains or losses above includes:

	2023	2022
Foreign exchange gain	$ 1,123	$ 2,002
Foreign exchange loss	(1,036)	(969)
Net exchange gain	$ 87	$ 1,033

(IV) Financial costs

	2023	2022
Interest of lease liabilities	$ 952	$ 796
Others	161	1
	$ 1,113	$ 797

(V) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 20,063	$ 18,952
Right-of-use assets	34,030	33,743
Intangible assets	6,776	5,410
	$ 60,869	$ 58,105
An analysis of depreciation by function		
Operating costs	$ 25,372	$ 23,486
Operating expenses	28,721	29,209

	2023	2022
	$ 54,093	$ 52,695
An analysis of amortization by function		
Operating expenses	$ 6,776	$ 5,410

(VI) Employee benefit expenses

	2023	2022
Short-term employee benefits		
Salaries	$ 1,402,689	$ 1,294,496
Labor and health insurance	108,359	99,947
Others	29,668	24,647
	1,540,716	1,419,090
Post-employment benefits (Note 22)		
Defined contribution plans	45,933	42,728
Defined benefit plans	11,581	12,356
	57,514	55,084
Employee benefit expenses	$ 1,598,230	$ 1,474,174
An analysis of employee benefits by function		
Operating costs	$ 1,249,137	$ 1,137,643
Operating expenses	349,093	336,531
	$ 1,598,230	$ 1,474,174

(VII) Compensation of employees and remuneration of directors

According to the Articles of Incorporation, the article stipulate the Company distributed compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of pre-tax profit prior to deducting compensation of employees and remuneration of directors. The Board of Directors adopted the following resolutions in February 2024 and 2023 on compensation of employees and remuneration of directors in 2023 and 2022 (all distributed in cash):

	2023	2022
Compensation of employees	$ 23,609	$ 26,129
Remuneration of directors	4,722	5,226

If there is any change in the amounts after the annual standalone financial statements are authorized for issue, the difference is record as a change in accounting estimate in the next following year.

The appropriations for compensation of employees and remuneration of directors for 2022 and 2021 which had been approved by the board of directors' meeting in February 2023 and 2022, respectively, were as follows:

	2022	2021
Compensation of employees	$ 26,129	$ 20,165
Remuneration of directors	5,226	4,033

The amounts recognized in the standalone financial statement for 2022 and 2021 are the same as which approved in the board of directors' meeting.

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

27. Income tax

(I) Income tax recognized in profit or loss

The major components of income tax were as follows:

	2023	2022
Current tax		
In respect of the current year	$ 100,561	$ 58,070
In respect of prior years	331	740
	100,892	58,810
Deferred tax		
In respect of the current year	9,790	22,845
In respect of prior years	1,444	-
	11,234	22,845
	$ 112,126	$ 81,655

The reconciliation of accounting profit and income tax expense was as follows:

	2023	2022
Profit before income tax	$ 669,018	$ 602,174
Income tax expense calculated at the statutory rate	$ 133,804	$ 120,435
Tax-exempt income	(23,453)	(39,520)
In respect of prior years	1,775	740
	$ 112,126	$ 81,655

(II) Income tax gains (expenses) recognized in other comprehensive income

	2023	2022
Deferred tax		
Remeasurement of defined benefit plans	$ 2,422	$ (5,228)
Investments in equity instruments measured at fair value through other comprehensive income	(4,439)	5,857
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	5,868	(11,405)
Profit or loss from hedging instruments	4,878	(11,697)
	$ 8,729	$ (22,473)

(III) Current income tax assets and liabilities

	December 31,2023	December 31,2022
Current income tax assets		
Tax refunds receivable	$ -	$ 6,496
Current income tax liabilities		
Income tax payable	$ 67,283	$ 56,904

(IV) Deferred income tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

2023

Deferred tax assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Provision	$ 9,553	$ (149)	$ -	$ 9,404

2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Difference between tax reporting and financial reporting - construction revenues and costs	3,686	(1,978)	-	1,708
Unrealized gain on the transactions with subsidiaries and associates	20,311	(274)	-	20,037
Currency translation difference of foreign operations	13,793	-	5,868	19,661
Others	591	90	574	1,255
	$ 47,934	$ (2,311)	$ 6,442	$ 52,065

Deferred tax liabilities				
Temporary differences				
Financial assets at fair value through other comprehensive income	$ 17,807	$ -	$ 4,439	$ 22,246
Foreign investment gain	37,622	5,738	-	43,360
Defined benefit pension plan	834	3,196	(2,422)	1,608
Others	4,315	(11)	(4,304)	-
	$ 60,578	$ 8,923	$ (2,287)	$ 67,214

2022

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Deferred tax assets				
Temporary differences				
Defined benefit pension plan	$ 20,771	$ (15,543)	$ (5,228)	$ -
Provision	7,874	1,679	-	9,553
Difference between tax reporting and financial reporting - construction revenues and costs	4,706	(1,020)	-	3,686
Unrealized gain on the transactions with subsidiaries and associates	20,286	25	-	20,311
Currency translation difference of foreign operations	25,198	-	(11,405)	13,793

2022

	Balance, beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, end of year
Losses carried forward	3,331	(3,331)	-	-
Others	8,182	(197)	(7,394)	591
	$ 90,348	$ (18,387)	$ (24,027)	$ 47,934
Deferred tax liabilities				
Temporary differences				
Financial assets at fair value through other comprehensive income	$ 23,664	$ -	$ (5,857)	$ 17,807
Foreign investment gain	34,010	3,612	-	37,622
Defined benefit pension plan	-	834	-	834
Others	-	12	4,303	4,315
	$ 57,674	$ 4,458	$ (1,554)	$ 60,578

Other temporary differences above are mainly temporary differences between cash flow hedges and net amount of unrealized foreign exchange gain or loss.

(V) Income tax assessment

The Company's income tax returns through 2021 have been assessed by the tax authorities.

28. Earnings per share

The earnings and weighted average number of shares outstanding used to computation of earnings per share were as follows:

Net profit for the year

	2023	2022
Net profit for the year	$ 556,892	$ 520,519

Number of shares (in thousand shares)

	Number of shares (in thousand shares) 2023	2022
Weighted average number of ordinary shares used in computation of basic earnings per share	123,743	123,743
Effect of dilutive potential ordinary shares-Compensation of employees	497	683
Weighted average number of ordinary shares used in computation of diluted earnings per share	124,240	124,426

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. Capital risk management

The Company engages in capital management to ensure that it can maximize return for shareholders by optimizing the balance of liabilities and equity, under the premise that it is able to continue as a going concern.

The Company's capital structure consists of net liabilities (i.e., loans less cash and cash equivalents) and equity (i.e., share capital, capital surplus, retained earnings, and other equity item). The Company is not required to comply with other external capital related regulations.

30. Financial instruments

(I) Information on fair value

1. Information on fair value –Fair value of financial instruments that are measured at fair value on a recurring basis

December 31,2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Emerging market shares in Taiwan	$ -	$ -	$ 85,081	$ 85,081
Unlisted shares in Taiwan	-	-	31,880	31,880
	$ -	$ -	$ 116,961	$ 116,961
Financial assets at fair value through other comprehensive income				
Listed shares	$ 31,050	$ -	$ -	$ 31,050
Foreign unlisted shares	-	-	124,976	124,976
	$ 31,050	$ -	$ 124,976	$ 156,026

December 31,2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Emerging market shares in Taiwan	$ -	$ -	$ 94,311	$ 94,311
Unlisted shares in Taiwan	-	-	32,207	32,207
	$ -	$ -	$ 126,518	$ 126,518
Financial assets at fair value through other comprehensive income				
Foreign unlisted shares	$ -	$ -	$ 102,782	$ 102,782

There was no transfer between level 1 and level 2 fair value measurements in 2023 and 2022.

2. Reconciliation of Level 3 fair value measurements of financial assets

2023

Financial Asset	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance, beginning of the year	$ 126,518	$ 102,782	$ 229,300
Additions	14,811	-	14,811
Disposals	(12,269)	-	(12,269)
Recognized in profit or loss	(12,099)	-	(12,099)
Recognized in other comprehensive income	-	22,194	22,194
Balance, end of the year	$ 116,961	$ 124,976	$ 241,937
Unrealized gains and losses for the year	$ (20,619)		$ (20,619)

2022

Financial Asset	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance, beginning of the year	$ 84,876	$ 132,068	$ 216,944
Disposals	(45,899)	-	(45,899)
Recognized in profit or loss	87,541	-	87,541
Recognized in other comprehensive income	-	(29,286)	(29,286)
Balance, end of the year	$ 126,518	$ 102,782	$ 229,300
Unrealized gains and losses for the year	$ 53,929		$ 53,929

3. Valuation techniques and inputs applied for the purpose of measuring level 3 fair value measurement

(1) The fair value of emerging stock is estimated based on its closing price and taking into consideration its liquidity.

(2) The fair value of domestic unlisted stock is estimated based on the most recent net value of the investee or transaction price. The fair value of foreign unlisted stocks is estimated using the market approach.

(II) Financial instruments by category

		December 31,2023		December 31,2022
Financial Asset				
Financial assets at fair value through profit or loss	$	116,961	$	126,518
Financial assets for hedging		929,260		984,542
Financial assets at amortized cost 1)		1,090,250		2,119,519
Financial assets at fair value through other comprehensive income		156,026		102,782
Financial liabilities				
Financial liabilities at amortized cost 2)		1,576,230		1,224,812

Note 1: The balance includes cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other financial assets, refundable deposits (the current portion is listed in other current assets), and other financial assets at amortized cost.

Note 2: The balance includes short -term borrowings, accounts payable (including related parties), other payables, and deposits received (the current portion is listed under other current liabilities), and other financial liabilities at amortized cost.

(III) The purpose and policy of financial risk management

The Company's main financial instruments include financial assets for hedging, accounts receivable, equity investments, other financial assets, borrowings, accounts payable, and lease liabilities. The financial management department provides services to business units, coordinates operations in domestic and foreign financial markets, and analyzes exposure based on the level and extent of risks, in order to supervise and manage financial risks related to the Company's operations. Such risks include market risks (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

The significant financial activities of the Company are reviewed by the Board of Directors according to regulations and the internal control system. Internal auditors continue to review policy compliance and exposure. The Company has not used financial instruments (including derivative financial instruments) for speculative trading.

1. Market Risk

(1) Foreign exchange risk

The Company purchases and sells goods denominated in foreign currencies, and is thus exposed to the risk of exchange rate fluctuations. The Company manages exposure to foreign exchange risk using foreign currency deposits and firm commitment opposite to exchange rate fluctuations within the scope permitted by policy.

Please see Note 34 for the carrying amount of the Company's major monetary assets not denominated in the functional currency on the balance sheet date.

The table below shows the Company's sensitivity analysis when NTD (the functional currency) appreciates/depreciates 1% against foreign currencies. A positive number is the amount that pre-tax profit or equity will increase when NTD depreciates 1% against CNY and USD. Pre-tax profit or equity will decrease the same amount when NTD appreciates 1% against CNY and USD.

	USD Impact		CNY Impact	
	2023	2022	2023	2022
Profit before income tax	$ 126	$ 37	$ (227)	$ 53
Equity	3,497	1,619	6,241	8,493

(2) Interest rate risk

The carrying amount of the Company's financial assets and liabilities that are exposed to interest rate risk on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial liabilities	$ 70,591	$ 93,154
Cash flow interest rate risk		
Financial assets	243,140	497,388

The Company is exposed to interest rate risk due to financial assets with floating interest rates. The method for analyzing floating interest rate assets assumes that the amount of assets outstanding on the balance sheet date were outstanding throughout the year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have been higher/lower by NT$2,431 thousand and NT$4,974 thousand, respectively, and is mainly due to the Company's floating interest rate bank deposits.

2. Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by counterparties. As of the balance sheet date, the Company's greatest credit risk exposure to financial losses caused by transaction counterparties failing to fulfill their obligations is in the book value of financial assets recognized on the standalone balance sheet.

Among the balance of the Company's accounts receivable, customers that account for over 10% of total accounts receivable are as follows:

	December 31, 2023	December 31, 2022
Parent company	$ 229,314	$ 305,299
Dragon Steel	176,000	94,010
CSCSOLAR	152,318	81,454
Customer D	-	206,121
	$ 557,632	$ 686,884

3. Liquidity risk

The Company manages and maintains a sufficient position of cash and cash equivalents or financial products that can easily be liquidated, and maintains a suitable credit limit through loan agreements with financial institutions to meet the needs of operations.

The table below provides the maturity analysis of remaining non-derivative financial liabilities for the repayment period agreed to by the Company. It is prepared based on the non-discounted cash flow (including principal and interest) of financial liabilities up to the earliest date that the liabilities may need to be repaid by the Company.

	Within 1 year	Over 1 year	Total
December 31,2023			
Short-term Borrowing	$ 100,264	$ -	$ 100,264
Accounts payable (including related parties)	808,908	54,462	863,370
Other payables	601,245	-	601,245
Lease liabilities	31,433	40,628	72,061
Deposits received	5,048	6,567	11,615
	$ 1,546,898	$ 101,657	$ 1,648,555
December 31,2022			
Accounts payable (including related parties)	$ 558,970	$ 56,656	$ 615,626
Other payables	588,815	-	588,815
Lease liabilities	38,026	57,238	95,264
Deposits received	12,699	7,672	20,371
	$ 1,198,510	$ 121,566	$ 1,320,076

4. Cash flow hedging

December 31,2023

Hedging instruments	Currency	Contract amount	Maturity	Forward price	Line items on the balance sheets	Carry amount: Asset	Carry amount: Liability
Cash flow hedging							
Hedging deposits	JPY	$ 280,050	NA	NA	Financial assets for hedging	$ 60,827	$ -
	USD	7,320	NA	NA	Financial assets for hedging	224,754	-
	EUR	577	NA	NA	Financial assets for hedging	19,605	-
	CNY	144,228	NA	NA	Financial assets for hedging	624,074	-
						$ 929,260	$ -

December 31,2023 Hedged Items	Change in fair value of hedged items used for calculating hedge ineffectiveness	Balance in other equity: Continuing hedges	Balance in other equity: Discontinuing hedges
Cash flow hedging			
Forecast purchases and construction contracts	$ 24,390	$ (2,872)	$ –

2023

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item: Due to Hedged Item Affecting P/L	Amount Reclassified to P/L and the Adjusted Line Item: Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedging					
Hedging deposits	$ (19,512)	$ -	-	$ -	$ -

December 31,2022

Hedging instruments	Currency	Contract amount	Maturity	Forward price	Line items on the balance sheets	Carry amount: Asset	Carry amount: Liability
Cash flow hedging							
Hedging deposits	JPY	$ 132,576	NA	NA	Financial assets for hedging	$ 30,811	$ -
	USD	1,924	NA	NA	Financial assets for hedging	59,077	-
	EUR	1,385	NA	NA	Financial assets for hedging	45,332	-
	CNY	192,677	NA	NA	Financial assets for hedging	849,322	-
						$ 984,542	$ -

December 31,2022

Hedged Items	Change in fair value of hedged items used for calculating hedge ineffectiveness	Balance in other equity: Continuing hedges	Balance in other equity: Discontinuing hedges
Cash flow hedging			
Forecast purchases and construction contracts	$ (58,485)	$ 21,518	$ -

2022

Effect on Comprehensive Income (Loss)	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in P/L	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item: Due to Hedged Item Affecting P/L	Amount Reclassified to P/L and the Adjusted Line Item: Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedging					
Hedging deposits and commercial paper	$ 46,788	$ -	-	$ -	$ -

31. Related Party Transactions

(I) Name and relationship of related parties

Name of related party	Relationship with the Company
China Steel Corporation	Parent company
China Ecotek Vietnam Company Ltd.	Subsidiary
Dragon Steel Corporation (Dragon Steel)	Fellow subsidiary
China Steel Machinery Corporation	Fellow subsidiary
United Steel Engineering & Construction Corporation	Fellow subsidiary
CSC Solar Corporation (CSCSOLAR)	Fellow subsidiary
Chung Hung Steel Corporation	Fellow subsidiary
C.S. Aluminum Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
China Steel Chemical Corporation	Fellow subsidiary
InfoChamp Systems Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary

Name of related party	Relationship with the Company
China Steel and Nippon Steel Vietnam Joint Stock Company	Fellow subsidiary
China Steel Management Consulting Corporation	Fellow subsidiary
Union Steel Development Corporation	Fellow subsidiary
Universal Exchange Inc.	Fellow subsidiary
Sing Da Marine Structure Corporation	Fellow subsidiary
Betacera Inc.	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
China Steel Structure Co., Ltd.	Fellow subsidiary
China Steel Express Corporation	Fellow subsidiary
HIMAG Magnetic Corporation	Fellow subsidiary
Taiwan Intelligent Transportation Co., Ltd.	Fellow subsidiary
China Rosperity Development Corporation	Fellow subsidiary
China Prosperity Construction Corporation	Fellow subsidiary
Honley Auto. Parts Co., Ltd.	Associate
Formosa Ha Tinh Steel Corporation	Other related party
Hua Eng Wire and Cable Co., Ltd.	Director of the Company
Great Grandeul Steel Co., Ltd.	Director of the Company

(II) Business transaction

Operating revenue	2023	2022
Parent company	$ 6,084,192	$ 5,836,308
Subsidiary	-	1,579
Fellow subsidiary		
Dragon Steel	1,321,037	1,210,868
Others	496,596	410,344
Associate	220	-
Other related parties	8,642	16,418
Director of the Company	-	114
	$ 7,910,687	$ 7,475,631

Purchase of goods and outsourcing fees	2023	2022
Parent company	$ 4,090	$ 14,224
Fellow subsidiary	77,827	279,475
Director of the Company	8,345	4,428
	$ 90,262	$ 298,127

The Company's operating revenues were mainly from construction revenues from the companies above, and the total contract price was negotiated based on the scale or nature of each project. The receivables were collected within approximately 2-3 months after the invoice is issued. The Company's contracts with related parties were different from unrelated parties, so there were no similar transactions for comparison.

Purchase of goods and outsourcing fees were negotiated based on the model or nature of the project, and payment was paid within 1-2 months. The Company's transactions with related parties were different from unrelated parties, so there were no similar transactions for comparison.

The balances of contract assets, contract liabilities, and accounts payable/receivable to/from related parties on the balance sheet date were as follows:

Account Items	Related Parties Types	December 31, 2023	December 31, 2022
Contract assets-current	Parent company	$ 690,392	$ 364,423
	Fellow subsidiary		
	Dragon Steel	350,177	67,567
	Others	71,683	6,858
		$ 1,112,252	$ 438,848

Account Items	Related Parties Types	December 31, 2023	December 31, 2022
Contract liabilities-current	Parent company	$ 822,900	$ 1,159,154
	Fellow subsidiary	127,225	162,896
	Other related parties	9,792	11,574
		$ 959,917	$ 1,333,624
Accounts receivable-related parties	Parent company	$ 229,314	$ 305,299
	Fellow subsidiary		
	Dragon Steel	176,000	94,010
	CSCSOLAR	152,318	81,454
	Others	24,016	4,103
	Associate	100	-
		$ 581,748	$ 484,866
Accounts payable-related parties	Parent company	$ 17	$ 23
	Fellow subsidiary	12,634	13,993
	Director of the Company	2,767	-
		$ 15,418	$ 14,016

The outstanding accounts payable to related parties were unsecured and will be settled in cash. Accounts receivable from related parties were also unsecured and no imparirment loss was recognized as of December 31, 2023 and 2022.

(III) Other transactions

1. Construction contracts

The balance of construction contracts not yet performed in operating revenues is listed below:

	December 31, 2023	December 31, 2022
Parent company	$ 11,068,023	$ 12,100,564
Fellow subsidiary		
Dragon Steel	2,030,735	2,268,478
Others	358,182	566,898
Other related parties	12,149	13,930
	$ 13,469,089	$ 14,949,870

Accumulated balance of construction progress of construction contracts is listed below:

	December 31, 2023	December 31, 2022
Parent company	$ 10,365,837	$ 7,816,541
Fellow subsidiary		
Dragon Steel	2,310,391	1,939,911
Others	549,372	329,215
Other related parties	1,673,257	1,671,475
	$ 14,898,857	$ 11,757,142

2. Lease agreements

Account Items	Related Parties Types	December 31, 2023	December 31, 2022
Lease liabilities (current and noncurrent)	Parent company	$ 13,849	$ 25,600

Related Parties Types	2023	2022
Interest expense		
Parent company	$ 318	$ 129
Rental expenses		
Parent company	$ 2,535	$ 1,666

The Company leased offices and production equipment from the parent company with a lease period of 3-5 years. The rental was based on the rental for similar assets and was paid quarterly or semi-annually according to the lease agreements.

Rent expenses included short-term leases and low value asset leases of buildings and transportation equipment and variable lease payments that were not included in the measurement of the lease liability.

(IV) Lease arrangements

As descirbed in Note 17, the Company leased out land, which was located in the Linyuan District, Kaohsiung City to its parent entity. Price was negotiated between both sides and collected every half year. The lease term of the contract will end in May 2023. As of December 31, 2023, the gross lease payment had been fully received. The amount of lease income recognized for 2023 amd 2022 were NT$11,664 thousand and NT$6,804 thousand, respectively.

(V) Compensation for management

	2023	2022
Short-term employee benefits (salary, dividends, and bonuses)	$ 27,026	$ 27,004

Remuneration of directors and management was determined by the remuneration committee based on the personal performance evaluation and market trends.

32. Pledged Assets

The Company provides the following assets as guarantee for contract performance:

	December 31, 2023	December 31, 2022
Time deposits (recognized in other financial assets-current)	$ 350	$ 251,553

33. Significant Contingent Liabilities and Unrecognized Contractual Commitments

In addition to those described in other notes, the Company also has the following major commitments and contingencies on December 31, 2023

(I) The Company provided approximately NT$565,118 thousand in performance bond and warranty bond through a bank for construction contracts.

(II) The Company provided approximately NT$95,685 thousand in notes as the performance bond and warranty bond for major projects.

(III) The Company's balance of issued but unutilized L/C for the purchase of construction equipment is approximately NT$17,770 thousand.

(IV) Property purchase and construction contracts for NT$136,320 thousand were signed but not yet recorded.

34. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023	Foreign Currencies (In Thousands)	Exchange rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Foreign currency assets			
Monetary items			
USD	$ 7,731	30.7050	$ 237,392
CNY	144,912	4.3270	627,032
EUR	585	33.9800	19,878
JPY	280,054	0.2172	60,828
Non-monetary items			
Financial assets at fair value through other comprehensive income			
USD	4,070	30.7050	124,976
Foreign currency liabilities			
Monetary items			
CNY	5,920	4.3270	25,618

December 31, 2022	Foreign Currencies (In Thousands)	Exchange rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Foreign currency assets			
Monetary items			
USD	$ 2,070	30.7100	$ 63,569
CNY	193,884	4.4080	854,642
EUR	1,386	32.7200	45,341
JPY	132,580	0.2324	30,812

	Foreign Currencies (In Thousands)	Exchange rate	Carrying Amount (In Thousands of New Taiwan Dollars)
Non-monetary items			
Financial assets at fair value through other comprehensive income			
USD	3,347	30.7100	102,782
Foreign currency liabilities			
Monetary items			
USD	25	30.7100	767

For 2023 and 2022, realized and unrealized net foreign exchange gains and losses were gian NT$87 thousand and gian NT$1,033 thousand. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Company.

35. Separately disclosed items

Matters required to be disclosed in 2023 are as follows:

(I) Information about significan transactions and (II) investees

1. Financing provided to others: None.
2. Endorsements or guarantees provided: None.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries and associate): Table1.
4. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.
9. Derivatives trading: None.
10. Other: The business relationship and key transactions between intra-group companies and amount: Table 4.
11. Information investees: Table 5.

(III) Information on investments in maimland China

1. Information on any investee in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

(3) The amount of property transactions and the amount of the resultant gains or losses: None.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

(5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

(6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(IV) Information on major shareholders: Name of shareholder with 5% shareholding or above, number of shares held, and ratio: Table 7.

36. Segment Information

The Company had already disclosed segment information in the consolidated financial statements, so it is not required to disclose such information in the standalone financial statements.

China Ecotek Corporation and Subsidiaries

Marketable securities held at the end of the year

December 31, 2023

Table 1

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

Held Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	End of the year				Note
				shares/units	Carrying Value	Percentage of Ownership (%)	Fair value	
The Company	Stock							
	Yeong Long Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss-noncurrent	440,000	$ 15,079	1.13	$ 15,079	
	Hsin Yu Energy Development Co., Ltd.	-	Financial assets at fair value through profit or loss-noncurrent	391,249	-	0.16	-	
	Green Shepherd Corporation	-	Financial assets at fair value through profit or loss-noncurrent	784,000	16,801	5.55	16,801	
					$ 31,880		$ 31,880	
	Stock							
	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss-current	2,990,000	$ 74,750	1.50	$ 74,750	
	Lianyou Metals Co., Ltd.	-	Financial assets at fair value through profit or loss-current	114,000	6,331	0.37	6,331	
	TFBS Bioscience, Inc	-	Financial assets at fair value through profit or loss-current	104,000	4,000	0.30	4,000	
					$ 85,081		$ 85,081	
	Stock							
	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	1,150,000	$ 31,050	0.01	$ 31,050	
	Stock							
	Asia Pacific Energy Development Company Limited	The held company as its director	Financial assets at fair value through other comprehensive income-noncurrent	2,212,590	$ 124,976	11.11	$ 124,976	

China Ecotek Corporation and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital

From January 1 to December 31, 2023

Table 2

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

Purchaser/Seller	Related Party	Relationship	Transaction				Abnormal transaction		Receivables (Payables)		Note
			Purchase (sales)	Amount	Percentage of total purchases (sales) (%)	Payment Terms	Unit price	Credit period	Ending balance	As a percentage of total accounts receivable (payable)	
The Company	China Steel Corporation	Parent company	Construction revenue	$ (5,947,799)	(62)	Contract period	Note	Note	$ 229,314	37	
	Dragon Steel Corporation	Fellow subsidiary	Construction revenue	(1,304,272)	(14)	Contract period	Note	Note	176,000	28	
	CSC Solar Corporation	Fellow subsidiary	Construction revenue	(340,037)	(4)	Contract period	Note	Note	152,318	24	

Note: Please refer to Note 31.

China Ecotek Corporation and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

December 31, 2023

Table 3

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

Company Name	Related Party	Relationship	Ending Balance	Turnover rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	China Steel Corporation	Parent company	$ 229,314	22.76	$ -	-	$ 227,285	$ -
	Dragon Steel Corporation	Fellow subsidiary	176,000	9.79	-	-	71,548	-
	CSC Solar Corporation	Fellow subsidiary	152,318	2.95	-	-	3,044	-

China Ecotek Corporation and Subsidiaries

The business relationship and key transactions between intra-group companies and amount

From January 1 to December 31, 2023

Table 4

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

No	Company Name	Related Party	Relationship	Transaction			
				Item	Amount	Trade terms	As a percentage of total revenue or tatal assets
1	The Company	China Ecotek Vietnam Company Limited	subsidiary	General and administrative expenses	$ 11,012	According to the contract	-

China Ecotek Corporation and Subsidiaries

Information investees

From January 1 to December 31, 2023

Table 5

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

Investor Company	Investee Company	Location	Main Businesses and Products	Initial investment amount		Shareholding at the end of year			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				End of the current year	End of the previous year	Number of Shares	Percentage (%)	Carrying Amount			
The Company	CEC Development Corporation	Samoa	General investment	$ 478,579	$ 478,579	17,000,000	100.00	$ 984,713	$ 27,766	$ 27,766	Subsidiary
The Company	CEC International Corporation	Samoa	General investment	30,642	30,642	10,000,000	100.00	34,812	237	237	Subsidiary
The Company	China Steel Machinery Corporation	Kaohsiung City	Manufacture and sale of products for iron and steel equipment, vehicle transportation equipment, power generation and other mechanical equipment	329,174	329,174	35,204,170	26.02	558,730	391,776	101,948	
The Company	Chiun Yu Investment Corporation	Kaohsiung City	General investment	14,233	14,233	1,196,000	40.00	26,596	(1,449)	(580)	
The Company	Chi-Yi Investment Corporation	Kaohsiung City	General investment	8,000	8,000	800,000	40.00	18,183	1,628	651	
The Company	Jiing-Cherng-Fa Investment Corporation	Kaohsiung City	General investment	8,050	8,050	805,000	35.00	17,359	2,904	1,016	
The Company	United Steel International Development Corporation	British Virgin Islands	Holding and investment	-	8,262	-	-	-	(58,958)	(359)	
The Company	Hung-chuan Investment Corporation	Kaohsiung City	General investment	6,000	6,000	600,000	30.00	13,547	1,617	485	
The Company	CSC Solar Corporation	Kaohsiung City	Solar power generation	348,800	348,800	34,880,000	20.00	293,643	116,446	23,289	
The Company	Eminent III Venture Capital Corporation	Taipei City	General investment	100,000	100,000	10,000,000	5.52	69,032	(7,398)	(408)	
The Company	Pro-Ascentek Investment Corporation	Kaohsiung City	General investment	60,000	60,000	6,000,000	5.00	67,376	42,059	2,103	
The Company	China Ecotek India Private Limited	India	Construction engineering	27	27	5,000	0.10	35	849	-	Subsidiary
CEC Development Corporation	China Ecotek Vietnam Company Limited	Vietnam	Construction engineering	302,065	302,065	-	100.00	796,836	27,295	27,295	Subsidiary
CEC International Corporation	China Ecotek India Private Limited	India	Construction engineering	27,070	27,070	4,995,000	99.90	34,568	849	849	Subsidiary

China Ecotek Corporation and Subsidiaries

Information on Investments in Mainland China

From January 1 to December 31, 2023

Table 6

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

Investee Company	Main Businesses and Products	Paid-in capital	Investment method	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of shares held directly or indirectly by the Company (%)	Investment Gain (Loss) (Note1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd	Production and sale of aluminum products	$ -	Through investment in an existing company (United Steel International Development Corporation) in a third region for further investment in the Chinese company	$ 9,212	-	$ 9,212	$ -	$ 48,202	-	$ 294	$ -	$ 665	
Xiamen Ecotek PRC Company Limited	Sales agency for import and export of equipment and materials	184,230	Through investment in an existing company (CEC Development Corporation) in a third region for further investment in the Chinese company	184,230	-	-	184,230	418	100.00	418	181,681	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	The Company's Uapper Limit On Investment In Mainland China (Note2)
China Ecotek Corporation	$184,230	$184,230	$2,196,689

Note 1: Recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 2: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" by the Investment Commission on August 29, 2008, investments shall not exceed 60% of its net worth.

China Ecotek Corporation
Information on Major Shareholders
December 31, 2023

Table 7

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio (%)
China Steel Corporation	55,393,138	44.76
Hua Eng Wire and Cable Co., Ltd.	11,843,730	9.57
Mega International Commercial Bank Trust Treasury Account-Employee finances trust account	6,927,156	5.59

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the standalone financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If the shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

§The Contents of Statements of Major Accounting Items§

China Ecotek Corporation

Statementof cash and cash equivalents

December 31, 2023

Statement 1 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Interest rate (%)	Amount
Petty cash and working capital			$ 875
Cash in banks			
Checking accounts and demand deposits			145,417
Foreign currency demand deposits (Note 1 and Note 2)			10,352
Cash equivalents (Investments within 3 months of its original maturity date)			
Commercial papers	2023.12.26-2024.01.11	1.35	270,000
			$ 426,644

Note 1: Foreign currency demand deposits include USD 235 thousand, JPY 4 thousand, EUR 8 thousand, and CNY 665 thousand.

Note 2: The exchange rates for USD, EUR, CNY, and JPY are US$1=NT$30.705, EUR$1=NT$33.98, CNY $1=NT$4.327, and JPY$1=NT$0.2172.

China Ecotek Corporation

Statement of financial assets at fair value through profit or loss - current

December 31, 2023

Statement 2

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

Name of financial instrument	shares or units	Acquisition cost	Fair value		Note
			Unit price (NTD)	Total amount	
Stock					
Locus Cell Co., Ltd.	2,990,000	$ 29,900	$ 25.0000	$ 74,750	
Lianyou Metals Co., Ltd.	114,000	8,974	55.5360	6,331	
TFBS Bioscience, Inc	104,000	5,837	38.4640	4,000	
		$ 44,711		$ 85,081	

Note: Fair value is measured on the closing prices of stocks on the balance sheet date and after considering liquidity.

China Ecotek Corporation

Statement of financial assets at fair value through other comprehensive income – current

December 31, 2023

Statement 3

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

Name of financial instrument	shares or units	Acquisition cost	Fair value		Note
			Unit price (NTD)	Total amount	
Stock					
China Steel Corporation	1,150,000	$ 29,052	$ 27.0000	$ 31,050	

Note: Fair value is measured on the closing prices of stocks on the balance sheet date.

China Ecotek Corporation

Statement of hedging financial assets - current

December 31, 2023

Statement 4 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	(Note)	Maturity Date	Interest rate (%)	Amount
Time deposits				
USD	6,500 thousand	2023.05.29-2024.05.29	5.18～5.60	$ 199,583
CNY	140,716 thousand	2023.09.20-2024.06.21	2.20～3.70	608,876
EUR	500 thousand	2023.10.24-2024.04.24	1.5	16,990
Demand deposits				
JPY	280,050 thousand			60,827
USD	820 thousand			25,171
CNY	3,512 thousand			15,198
EUR	77 thousand			2,615
				$ 929,260

Note: The exchange rates for USD, EUR, CNY, and JPY are US$1=NT$30.705, EUR$1=NT$33.98, CNY$1=NT$4.327, and JPY$1=NT$0.2172.

China Ecotek Corporation

Statement of accounts receivable

December 31, 2023

Statement 5 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Amount	Overdue for 1 year and above	Note
Non-related party			
Taiwan Water Corporation	$ 23,096	$ -	Construction
Kinmen County Water Plant.	9,002	-	Construction
Pharmosa Biopharm Inc.,	4,248	-	Construction
TFBS BIOSCIENCE, INC.	3,570	-	Construction
Others (Note)	3,921	-	
	$ 43,837	$ -	
Related party			
China Steel Corporation	$ 229,314	$ -	Construction and sales
Dragon Steel Corporation	176,000	-	Construction and sales
CSC Solar Corporation	152,318	-	Construction
Others (Note)	24,116	-	
	$ 581,748	$ -	

Note: The amount of individual customer included in others does not exceed 5% of the account balance

China Ecotek Corporation

Statement of other financial assets – current

December 31, 2023

Statement 6 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Interest rate (%)	Amount
Restricted bank deposits			
Time deposits			
NTD	2023.12.21-2024.03.21	1.16	$ 350

China Ecotek Corporation

Statement of changes in financial assets at fair value through profit or loss – noncurrent

2023

Statement 7

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

Name	Beginning of year		Additions		Decrease		End of the year		Collateral	Note
	Number of shares	Fair value	Number of shares	Fair value	Number of shares	Fair value	Number of shares	Fair value (Note 1)		
Stock										
Yeong Long Technologies Co., Ltd.	440,000	$ 15,507	-	$ -	-	$ 428	440,000	$ 15,079	None	
Ecotek Industrial Aquaculture Corp.	74,681	600	-	-	74,681	600	-	-	None	Note2
Hsin Yu Energy Development Co., Ltd.	391,249	-	-	-	-	-	391,249	-	None	
Green Shepherd Corporation	784,000	16,100	-	701	-	-	784,000	16,801	None	
		$ 32,207		$ 701		$ 1,028		$ 31,880		

Note 1: Please refer to Note 30 for the valuation method for determining fair value.

Note 2: The decrease in the current year is due to disposal of financial assets at fair value through profit or loss - current.

China Ecotek Corporation

Statement of changes in financial assets at fair value through other comprehensive income - noncurrent

2023

Statement 8

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

Name	Beginning of year		Additions		Decrease		End of the year		Collateral	Note
	Number of shares	Fair value	Number of shares	Fair value	Number of shares	Fair value	Number of shares	Fair value (Note 1)		
Stock										
Asia Pacific Energy Development Company Limited	2,212,590	$ 102,782	-	$ 22,194	-	$ -	2,212,590	$ 124,976	None	

Note 1: Please refer to Note 30 for the valuation method for determining fair value.

China Ecotek Corporation

Statement of changes in investments recognized under the equity method

2023

Statement 9

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

Name	Opening balance		Addition		Decrease		End of the year				
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Market price or net value of equity	Collateral	Note
Unlisted company											
CEC Development Corporation	17,000,000	$ 986,012	-	$ -	-	$ 1,299	17,000,000	$ 984,713	$ 984,713	None	
China Steel Machinery Corporation	35,204,170	529,821	-	28,909	-	-	35,204,170	558,730	558,730	None	
CEC International Corporation	10,000,000	41,017	-	-	-	6,205	10,000,000	34,812	34,812	None	
Chiun Yu Investment Corporation	1,196,000	30,217	-	-	-	3,621	1,196,000	26,596	26,596	None	
Chi-Yi Investment Corporation	800,000	21,145	-	-	-	2,962	800,000	18,183	18,183	None	
Jiing-Cherng-Fa Investment Corporation	805,000	19,603	-	-	-	2,244	805,000	17,359	17,359	None	
United Steel International Development Corporation	300,000	4,516	-	-	300,000	4,516	-	-	-	None	
Hung-chuan Investment Corporation	600,000	15,755	-	-	-	2,208	600,000	13,547	13,547	None	
CSC Solar Corporation	34,880,000	280,240	-	13,403	-	-	34,880,000	293,643	393,824	None	
Eminent III Venture Capital Corporation	10,000,000	76,208	-	-	-	7,176	10,000,000	69,032	69,032	None	
China Ecotek India Private Limited	5,000	38	-	-	-	3	5,000	35	35	None	
Pro-Ascentek Investment Corporation	6,000,000	58,002	-	9,374	-	-	6,000,000	67,376	67,376	None	
		$ 2,062,574		$ 51,686		$ 30,234		$ 2,084,026	$ 2,184,207		

Note: Increases and decreases in the current year except for proceeds collected for the liquidation of associates, the change in the current year mainly from investment gains and losses and equity-related adjustments recognized under the equity method, and the net amount of cash dividends.

China Ecotek Corporation

Statement of changes in right-of-use assets

2023

Statement 10

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

Item	Opening balance	Additions	Decrease	Closing balance
Cost				
Land	$ 20,299	$ -	$ -	$ 20,299
Buildings	91,861	-	-	91,861
Machinery and equipment	1,715	-	-	1,715
Transportation equipment	23,619	12,780	7,564	28,835
Total	137,494	$ 12,780	$ 7,564	142,710
Accumulated depreciation				
Land	10,149	$ 6,767	$ -	16,916
Buildings	22,952	17,689	-	40,641
Machinery and equipment	715	428	-	1,143
Transportation equipment	10,722	9,146	7,564	12,304
Total	44,538	$ 34,030	$ 7,564	71,004
	$ 92,956			$ 71,706

China Ecotek Corporation

Statement of short-term borrowing

December 31, 2023

Statement 11

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

Type	Contract period	Interest Rate (%)	Balance, End of The Year	Loan Commitments	Collateral
Unsecured loans					
Taipei Fubon Commercial Bank	2023.11.27-2024-02.27	1.66	$ 100,000	$ 500,000	None

China Ecotek Corporation

Statement of accounts payable

December 31, 2023

Statement 12

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

Name of vendor	Amount
Non-related party	
Others (Note)	$ 847,952
Related party	
InfoChamp Systems Corporation	$ 7,909
Steel Castle Technology Corporation	4,188
Hua Eng Wire and Cable Co., Ltd.	2,767
Others (Note)	554
	$ 15,418

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

China Ecotek Corporation
Statement of lease liabilities
December 31, 2023

Statement 13 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Object	Period (Note 2)	Discount rate (%)		Balance
Land	Leased land	2021.07.01-2024.06.30	Note 1	$	3,407
Buildings	Leased plant and offices	2019.04.17-2029.12.31	Note 1		49,892
Machinery and equipment	Construction equipment	2021.05.01-2026.04.30	Note 1		522
Transportation equipment	Corporate vehicle lease	2020.02.27-2026.12.14	Note 1		16,770
					70,591
Less: Current portion (Note 3)					30,732
				$	39,859

Note 1: Please refer to Note 16.

Note 2: Refers to the lease period defined in Paragraphs 18-21 of IFRS 16 and not the contract period.

Note 3: Lease liabilities that will mature within one year shall be listed as current liabilities.

China Ecotek Corporation

Statement of operating revenue

2023

Statement 14 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Sales revenue	
CSVC Expansion Project for Procurement of No. 4 Air Compressor Equipment	$ 39,757
Water treatment agent of power plant	26,282
Others (Note)	70,137
	136,176
Construction revenue	
Others (Note)	9,193,833
Technical service revenue	
Operation of Chengcing Lake Water Treatment Plant	134,960
IWI operation and maintenance project	46,344
Operation and maintenance of Kinmen Taihu Water Treatment Plant	44,243
Others (Note)	53,285
	278,832
	$ 9,608,841

Note: There is no single amount that exceeds 10% of the amount for this item.

China Ecotek Corporation

Statement of operating costs

2023

Statement 15 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Construction costs	
Construction materials	$ 2,062,519
Construction labors	1,187,971
Construction expenses	5,065,517
	8,316,007
Plus: Construction in progress at the beginning of the year	18,589,104
Net amount of construction profit recognized according to the percentage of completion	891,915
Construction costs recognized according to the percentage of completion	8,303,285
Provision at the end of the year	8,577
Less: Construction in progress at the end of the year	(18,216,163)
Offsets of construction payments collected in advance recognized according to the percentage of completion	(9,571,231)
Provision at the beginning of the year	(18,209)
	8,303,285
Technical service costs	242,799
Cost of goods sold	108,215
	$ 8,654,299

China Ecotek Corporation

Statement of operating expenses

2023

Statement 16

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

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	$ 36,419	$ 303,387	$ 9,287	$ 349,093
Professional fees	-	10,571	1,568	12,139
Depreciation expense and amortization	-	35,396	101	35,497
Tools and Consumables	-	382	915	1,297
Others (Note)	1,047	77,701	244	78,992
	$ 37,466	$ 427,437	$ 12,115	$ 477,018

Note: None of the balances exceed 5% of the balance for this item.

China Ecotek Corporation

Summary of employee benefits, depreciation and amortization expenses

2023 and 2022

Statement 17

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

	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	$ 1,120,371	$ 274,267	$ 1,394,638	$ 1,017,631	$ 265,529	$ 1,283,160
Labor and health insurance	81,081	27,278	108,359	75,368	24,579	99,947
Post-employment benefits	47,603	9,911	57,514	44,644	10,440	55,084
Director's remuneration	-	8,051	8,051	-	11,336	11,336
Others	82	29,586	29,668	-	24,647	24,647
	$ 1,249,137	$ 349,093	$ 1,598,230	$ 1,137,643	$ 336,531	$ 1,474,174
Depreciation	$ 25,372	$ 28,721	$ 54,093	$ 23,486	$ 29,209	$ 52,695
Amortization	$ -	$ 6,776	$ 6,776	$ -	$ 5,410	$ 5,410

Note 1: The Company had 1,201 and 1,186 employees in 2023 and 2022, respectively. Among them, 9 directors did not serve concurrently as employees in 2023 and 2022, respectively.

Note 2: Additional disclosures are as follows:

1. Average employee benefit expenses [(Total employee benefit expenses – Total director's remuneration)/ (Number of employees – Number of directors who not concurrently employees)] was NT$1,334 thousand this year.
   Average employee benefit expenses [(Total employee benefit expenses – Total director's remuneration)/ (Number of employees – Number of directors who not concurrently employees)] was NT$1,243 thousand in the previous year.

2. Average employee salary expenses [Total employee salary expenses/ (Number of employees – Number of directors who not concurrently employees)] was NT$1,170 thousand this year.
   Average employee salary expenses [Total employee salary expenses/ (Number of employees – Number of directors who not concurrently employees)] was NT$1,090

thousand in th previous year.

3. Adjustments and changes to average employee salary expenses [(Average employee salary expenses in the current year – Average employee salary expenses in the previous year)/Average employee salary expenses in the previous year]: 7.3%.

4. The Company's remuneration policy:

   (1) Directors' remuneration policy:
   Director's remuneration is specified in Article 32 of the Articles of Incorporation. Where the Company has a profit for a fiscal year, no more than 1% of such profit shall be appropriated as directors' remuneration through a resolution of the board of directors' meeting. A sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company before directors' remuneration can be allocated according to the above percentage.

   (2) President and vice presidents' remuneration policy
   The Company's remuneration to the president and vice presidents is in accordance with the Remuneration Management Regulations and reported to the Board of Directors for approval. A certain proportion of profits in the previous year is allocated as a performance bonus that is distributed to all employees according to related regulations on rewards, and is directly related to business performance.

   (3) Employees' remuneration policy:
   Employees' remuneration mainly includes basic salary, performance bonuses, and employee bonuses.

      A. Remuneration standards are set based on supply and demand in the labor market and the industry standard. Basic salaries are in principle higher than the minimum required by the Ministry of Labor, and take into consideration the job, education, and relevant experience. Standards may be revised each year based on the consumer price index, salaries offered in the market, and the Company's business situation. Employees are evaluated for a raise each year based on the Company's business situation, their individual work performance, and the work performance of their unit.

      B. A certain proportion of profits in the previous year is allocated as a performance bonus that is distributed to all employees according to related regulations on rewards, and is directly related to business performance. Furthermore, employee bonuses is specified in Article 32 of the Articles of Incorporation. Where the Company has a profit for a fiscal year, no less than 0.1% of such profit shall be appropriated as employee bonuses through a resolution of the board of directors' meeting. The recipients of employee bonuses include employees of affiliates meeting certain criteria. A sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company before employee bonuses can be allocated according to the above percentage.

China Ecotek Corporation

CHEN CHENG CHIANG

Cheng-Chiang Chen

Chaiman