

Lucky Cement Co. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Lucky Cement Co.

Introduction

We have reviewed the accompanying consolidated balance sheets of Lucky Cement Co. and its subsidiaries (collectively, the “Group”) as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$27,393 thousand and NT\$43,817 thousand, respectively, both representing 0% of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$13,969 thousand and NT\$7,253 thousand, respectively, both representing 0% of the consolidated total liabilities; for the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive loss of these subsidiaries were NT\$11,958 thousand and NT\$3,507 thousand, respectively, representing (10%) and (3%), respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chao-Mei Chen and Chiang-Shiun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 259,667	3	\$ 283,737	3	\$ 277,551	3
Financial assets at fair value through profit or loss - current (Note 7)	11,884	-	10,922	-	70,267	1
Financial assets at fair value through other comprehensive income - current (Note 8)	100,483	1	83,279	1	125,286	1
Financial assets at amortized cost - current (Notes 9 and 33)	77,369	1	64,727	1	99,894	1
Notes receivable (Notes 10, 25 and 33)	408,425	4	493,136	5	471,547	5
Accounts receivable (Notes 10 and 25)	604,106	6	686,567	7	547,345	6
Accounts receivable from related parties (Notes 25 and 32)	11,317	-	12,234	-	9,043	-
Other receivables (Note 10)	486	-	354	-	1,055	-
Other receivables from related parties (Note 32)	386	-	311	-	425	-
Current tax assets	-	-	-	-	185	-
Inventories (Notes 11 and 33)	4,181,377	43	4,195,260	42	4,077,647	42
Prepayments (Note 13)	115,198	1	94,961	1	239,712	2
Non-current assets held for sale (Notes 4 and 14)	3,411	-	-	-	-	-
Other current assets (Note 15)	<u>28,725</u>	<u>-</u>	<u>30,342</u>	<u>-</u>	<u>25,612</u>	<u>-</u>
Total current assets	<u>5,802,834</u>	<u>59</u>	<u>5,955,830</u>	<u>60</u>	<u>5,945,569</u>	<u>61</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	10,513	-	10,590	-	9,329	-
Financial assets at amortized cost - non-current (Notes 9 and 33)	179,695	2	179,196	2	179,150	2
Property, plant and equipment (Notes 16 and 33)	3,514,772	35	3,415,001	34	3,024,233	31
Right-of-use assets (Note 17)	165,043	2	154,227	1	118,942	1
Deferred tax assets (Note 4)	70,771	1	68,160	1	60,366	1
Refundable deposits	21,729	-	24,046	-	24,866	-
Other non-current assets (Note 18)	<u>114,344</u>	<u>1</u>	<u>162,823</u>	<u>2</u>	<u>334,852</u>	<u>4</u>
Total non-current assets	<u>4,076,867</u>	<u>41</u>	<u>4,014,043</u>	<u>40</u>	<u>3,751,738</u>	<u>39</u>
TOTAL	<u>\$ 9,879,701</u>	<u>100</u>	<u>\$ 9,969,873</u>	<u>100</u>	<u>\$ 9,697,307</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 33)	\$ 888,500	9	\$ 979,500	10	\$ 1,205,890	12
Short-term bills payable (Note 19)	199,458	2	359,277	4	429,423	4
Contract liabilities (Note 25)	760,401	8	520,859	5	546,124	6
Notes payable (Note 20)	283,083	3	390,153	4	245,799	3
Notes payable to related parties (Notes 20 and 32)	53,197	1	66,780	1	60,217	1
Accounts payable (Note 20)	174,413	2	189,227	2	164,375	2
Accounts payable to related parties (Notes 20 and 32)	38,479	-	42,300	-	35,609	-
Other payables (Note 21)	629,205	6	215,106	2	504,389	5
Other payables to related parties (Note 32)	136,079	1	132,920	1	94,807	1
Current tax liabilities	169,344	2	137,356	1	124,106	1
Lease liabilities - current (Notes 17 and 32)	53,088	-	49,722	1	46,313	-
Current portion of long-term borrowings (Notes 19 and 33)	293,750	3	212,500	2	100,000	1
Other current liabilities	<u>1,969</u>	<u>-</u>	<u>2,028</u>	<u>-</u>	<u>1,882</u>	<u>-</u>
Total current liabilities	<u>3,680,966</u>	<u>37</u>	<u>3,297,728</u>	<u>33</u>	<u>3,558,934</u>	<u>36</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 33)	1,157,250	12	1,357,500	14	1,220,000	13
Deferred tax liabilities (Note 4)	25,980	-	24,672	-	22,534	-
Lease liabilities - non-current (Notes 17 and 32)	113,521	1	105,834	1	74,107	1
Other payables to related parties (Note 32)	40,000	1	40,000	-	40,000	-
Net defined benefit liabilities (Note 4)	21,271	-	24,634	-	24,287	-
Guarantee deposits received	<u>59,790</u>	<u>1</u>	<u>48,680</u>	<u>1</u>	<u>47,234</u>	<u>1</u>
Total non-current liabilities	<u>1,417,812</u>	<u>15</u>	<u>1,601,320</u>	<u>16</u>	<u>1,428,162</u>	<u>15</u>
Total liabilities	<u>5,098,778</u>	<u>52</u>	<u>4,899,048</u>	<u>49</u>	<u>4,987,096</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Share capital						
Ordinary shares	<u>4,047,380</u>	<u>41</u>	<u>4,047,380</u>	<u>40</u>	<u>4,047,380</u>	<u>42</u>
Capital surplus	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>
Retained earnings						
Legal reserve	341,022	4	297,577	3	297,577	3
Special reserve	36,673	-	91,055	1	91,055	1
Unappropriated earnings	<u>399,712</u>	<u>4</u>	<u>671,401</u>	<u>7</u>	<u>364,168</u>	<u>4</u>
Total retained earnings	<u>777,407</u>	<u>8</u>	<u>1,060,033</u>	<u>11</u>	<u>752,800</u>	<u>8</u>
Other equity	<u>(43,949)</u>	<u>(1)</u>	<u>(36,673)</u>	<u>-</u>	<u>(90,057)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	4,780,856	48	5,070,758	51	4,710,141	49
NON-CONTROLLING INTERESTS	<u>67</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>70</u>	<u>-</u>
Total equity	<u>4,780,923</u>	<u>48</u>	<u>5,070,825</u>	<u>51</u>	<u>4,710,211</u>	<u>49</u>
TOTAL	<u>\$ 9,879,701</u>	<u>100</u>	<u>\$ 9,969,873</u>	<u>100</u>	<u>\$ 9,697,307</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)				
Sales	\$ 1,193,790	100	\$ 1,093,664	100
Less: Discounts and allowances	<u>822</u>	<u>-</u>	<u>999</u>	<u>-</u>
Total operating revenue	1,192,968	100	1,092,665	100
OPERATING COSTS (Notes 11, 26 and 32)	<u>967,758</u>	<u>81</u>	<u>891,334</u>	<u>82</u>
GROSS PROFIT	<u>225,210</u>	<u>19</u>	<u>201,331</u>	<u>18</u>
OPERATING EXPENSES (Notes 10, 26 and 32)				
Selling and marketing expenses	29,165	2	26,588	2
General and administrative expenses	37,569	3	35,587	3
Expected credit gain	<u>(2,361)</u>	<u>-</u>	<u>(4,292)</u>	<u>-</u>
Total operating expenses	<u>64,373</u>	<u>5</u>	<u>57,883</u>	<u>5</u>
OTHER OPERATING INCOME AND EXPENSES (Note 26)	<u>711</u>	<u>-</u>	<u>1,900</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>161,548</u>	<u>14</u>	<u>145,348</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 32)				
Interest income	744	-	646	-
Other income	5,371	-	10,269	1
Other gains and losses	(1,707)	-	15,084	1
Financial costs	<u>(12,682)</u>	<u>(1)</u>	<u>(15,151)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(8,274)</u>	<u>(1)</u>	<u>10,848</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	153,274	13	156,196	14
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(31,162)</u>	<u>(3)</u>	<u>(28,982)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>122,112</u>	<u>10</u>	<u>127,214</u>	<u>12</u>

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (7,108)	-	\$ 1,268	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(168)	-	(270)	-
Other comprehensive (loss) income, net of income tax	(7,276)	-	998	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 114,836</u>	<u>10</u>	<u>\$ 128,212</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 122,112	10	\$ 127,214	12
Non-controlling interests	-	-	-	-
	<u>\$ 122,112</u>	<u>10</u>	<u>\$ 127,214</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 114,836	10	\$ 128,212	12
Non-controlling interests	-	-	-	-
	<u>\$ 114,836</u>	<u>10</u>	<u>\$ 128,212</u>	<u>12</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 0.30</u>		<u>\$ 0.31</u>	
Diluted	<u>\$ 0.30</u>		<u>\$ 0.31</u>	

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Cash Dividend Per Share)

	Equity Attributable to Owners of the Company						Other Equity		Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	\$ 4,047,380	\$ 18	\$ 238,244	\$ 14,908	\$ 696,224	\$ 3,668	\$ (94,723)	\$ 4,905,719	\$ 70	\$ 4,905,789
Appropriation of 2022 earnings										
Legal reserve	-	-	59,333	-	(59,333)	-	-	-	-	-
Special reserve	-	-	-	76,147	(76,147)	-	-	-	-	-
Cash dividend	-	-	-	-	(323,790)	-	-	(323,790)	-	(323,790)
Net profit for the three months ended March 31, 2023	-	-	-	-	127,214	-	-	127,214	-	127,214
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	(270)	1,268	998	-	998
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	127,214	(270)	1,268	128,212	-	128,212
BALANCE AT MARCH 31, 2023	\$ 4,047,380	\$ 18	\$ 297,577	\$ 91,055	\$ 364,168	\$ 3,398	\$ (93,455)	\$ 4,710,141	\$ 70	\$ 4,710,211
BALANCE AT JANUARY 1, 2024	\$ 4,047,380	\$ 18	\$ 297,577	\$ 91,055	\$ 671,401	\$ 2,721	\$ (39,394)	\$ 5,070,758	\$ 67	\$ 5,070,825
Appropriation of 2023 earnings										
Legal reserve	-	-	43,445	-	(43,445)	-	-	-	-	-
Special reserve	-	-	-	(54,382)	54,382	-	-	-	-	-
Cash dividend	-	-	-	-	(404,738)	-	-	(404,738)	-	(404,738)
Net profit for the three months ended March 31, 2024	-	-	-	-	122,112	-	-	122,112	-	122,112
Other comprehensive loss for the three months ended March 31, 2024	-	-	-	-	-	(168)	(7,108)	(7,276)	-	(7,276)
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	122,112	(168)	(7,108)	114,836	-	114,836
BALANCE AT MARCH 31, 2024	\$ 4,047,380	\$ 18	\$ 341,022	\$ 36,673	\$ 399,712	\$ 2,553	\$ (46,502)	\$ 4,780,856	\$ 67	\$ 4,780,923

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

(With Deloitte & Touche review report dated May 9, 2024)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 153,274	\$ 156,196
Adjustments for:		
Depreciation expense	43,183	38,856
Amortization and depletion expense	1,970	4,653
Expected credit gain reversed on trade receivables	(2,361)	(4,292)
Net gain on fair value changes of financial assets at fair value through profit or loss	(962)	(16,645)
Financial costs	12,682	15,151
Interest income	(744)	(646)
Gain on disposal of property, plant and equipment	(711)	(1,900)
Inventory write-downs	3,076	-
Changes in operating assets and liabilities		
Notes receivable	84,711	(38,622)
Accounts receivable	84,822	18,785
Accounts receivable from related parties	917	2,681
Other receivables	(41)	465
Other receivables from related parties	(75)	(174)
Inventories	10,807	(12,606)
Prepayments	(20,237)	13,664
Other current assets	1,617	602
Other non-current assets	-	446
Contract liabilities	239,542	(3,065)
Notes payable	(57,160)	6,084
Notes payable to related parties	(13,583)	33,389
Accounts payable	(14,814)	(56,768)
Accounts payable to related parties	(3,821)	10,592
Other payables	(12,531)	(3,148)
Other payables to related parties	(348)	(976)
Other current liabilities	(59)	(470)
Net defined benefit liabilities	(3,363)	(134)
Cash generated from operations	505,791	162,118
Interest received	653	580
Interest paid	(16,651)	(17,569)
Income tax paid	(477)	(205)
Net cash generated from operating activities	<u>489,316</u>	<u>144,924</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(24,235)	-
Purchase of financial assets at amortized cost	(13,141)	-
Proceeds from sale of financial assets at amortized cost	-	19,355

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Payments for property, plant and equipment (Note 29)	\$ (109,634)	\$ (53,251)
Proceeds from disposal of property, plant and equipment	711	1,900
Increase in refundable deposits	-	(7,045)
Decrease in refundable deposits	2,317	-
Increase in other non-current assets	<u>(46)</u>	<u>(90)</u>
Net cash used in investing activities	<u>(144,028)</u>	<u>(39,131)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(91,000)	(272,310)
Increase in short-term bills payable	-	20,000
Decrease in short-term bills payable	(160,000)	-
Proceeds from long-term borrowings	175,000	160,000
Repayments of long-term borrowings	(294,000)	-
Increase in guarantee deposits received	11,110	8,194
Increase in other payables to related parties	3,500	-
Repayment of the principal portion of lease liabilities	<u>(13,896)</u>	<u>(13,895)</u>
Net cash used in financing activities	<u>(369,286)</u>	<u>(98,011)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(72)</u>	<u>(205)</u>
NET (DECREASE) INCREASE IN CASH	(24,070)	7,577
CASH AT THE BEGINNING OF THE PERIOD	<u>283,737</u>	<u>269,974</u>
CASH AT THE END OF THE PERIOD	<u>\$ 259,667</u>	<u>\$ 277,551</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Lucky Cement Co. (the “Company”) was established in 1974; its main business is production and sale of Portland cement. The Company listed its shares on the Taiwan Stock Exchange in June 1990.

The consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) are presented in Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 9, 2024.

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable 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 the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

The Group is also engaged in construction and development of properties; its operating cycle is longer than 1 year. Its assets and liabilities related to the construction business are not classified as current or non-current under normal operating cycle but presented according to the order of their perceived liquidity to non-liquidity.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Refer Note 12 and Note 38, Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Other material accounting policy information

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2023.

6. CASH

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and revolving funds	\$ 1,533	\$ 1,524	\$ 1,362
Checking accounts and demand deposits	256,734	277,415	275,416
Foreign currency demand deposits	<u>1,400</u>	<u>4,798</u>	<u>773</u>
	<u>\$ 259,667</u>	<u>\$ 283,737</u>	<u>\$ 277,551</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Financial assets mandatorily classified as at FVTPL - mutual funds	\$ 11,884	\$ 10,922	\$ 70,267

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Domestic investments - ordinary shares	\$ 100,483	\$ 83,279	\$ 125,286
<u>Non-current</u>			
Domestic investments - ordinary shares	\$ 10,513	\$ 10,590	\$ 9,329

The aforementioned information for investments, please refer to Note 38, Table 3 “Marketable Securities Held”.

For other relevant information on financial assets measured at FVTOCI, please refer to Note 24 (e) and Note 31.

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 26,548	\$ 26,407	\$ 26,474
Restricted assets (b)	50,821	38,320	73,420
	\$ 77,369	\$ 64,727	\$ 99,894
<u>Non-current</u>			
Restricted assets (c)	\$ 179,695	\$ 179,196	\$ 179,150

- a. The interest rates of time deposits with original maturities of more than 3 months were approximately 1.69%-1.89%, 1.57%-1.89% and 1.57%-1.68% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- b. The restricted assets - current are savings deposits and certificate of deposit that are provided as guarantees for bank loan and construction contract; market interest rate ranges were approximately 0.55%-1.69%, 0.55%-1.57% and 0.30%-1.57% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- c. The restricted assets - non-current are certificate of deposit in the bank that is pledged as the security of mining right, which has market interest rate range of approximately 0.50%-1.69%, 0.50%-1.58% and 0.50%-1.58% per annum as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.
- d. Please refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES AND OVERDUE RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 408,425	\$ 493,136	\$ 471,547
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 619,623	\$ 704,445	\$ 563,626
Less: Allowance for impairment loss	(15,517)	(17,878)	(16,281)
	\$ 604,106	\$ 686,567	\$ 547,345
<u>Other receivables</u>			
Others	\$ 486	\$ 354	\$ 1,055
<u>Overdue receivables</u>			
Overdue	\$ 31,065	\$ 31,065	\$ 31,065
Less: Allowance for impairment loss	(31,065)	(31,065)	(31,065)
	\$ -	\$ -	\$ -

a. Notes receivable

The average credit period of sales of products is 60-150 days. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Group has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts.

Notes receivable of the Group are not overdue as of the balance sheet date, the Group assesses that no allowance for loss on notes receivable is required as of March 31, 2024, December 31, 2023 and March 31, 2023.

Please refer to Note 33 for information relating to trade receivables pledged as security.

b. Trade receivables

The average credit period of sales of products is 60-150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts and industry outlook. The Group's provision matrixes are prepared by reference to if the customer were in severe financial difficulty. The Group recorded a 100% of loss allowance when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; If the customer were not in severe financial difficulty, as the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information 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 Group 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 trade receivables and overdue receivables based on the Group's provision matrix.

March 31, 2024

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	0%-0.46%	7.10%	12.42%	19.40%-69.41%	100%	100%	
Gross carrying amount	\$ 566,667	\$ 32,645	\$ 7,224	\$ 4,375	\$ 1,758	\$ 38,019	\$ 650,688
Loss allowance (Lifetime ECLs)	<u>(2,122)</u>	<u>(2,318)</u>	<u>(896)</u>	<u>(1,469)</u>	<u>(1,758)</u>	<u>(38,019)</u>	<u>(46,582)</u>
Amortized cost	<u>\$ 564,545</u>	<u>\$ 30,327</u>	<u>\$ 6,328</u>	<u>\$ 2,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604,106</u>

December 31, 2023

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	0%-0.46%	7.10%	12.42%	19.40%-69.41%	100%	100%	
Gross carrying amount	\$ 645,410	\$ 39,946	\$ 5,776	\$ 2,101	\$ 4,258	\$ 38,019	\$ 735,510
Loss allowance (Lifetime ECLs)	<u>(2,555)</u>	<u>(2,836)</u>	<u>(717)</u>	<u>(558)</u>	<u>(4,258)</u>	<u>(38,019)</u>	<u>(48,943)</u>
Amortized cost	<u>\$ 642,855</u>	<u>\$ 37,110</u>	<u>\$ 5,059</u>	<u>\$ 1,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,567</u>

March 31, 2023

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	0%-0.29%	6.75%	12.18%	22.81%-88.62%	100%	100%	
Gross carrying amount	\$ 491,486	\$ 28,669	\$ 31,536	\$ 3,789	\$ 1,192	\$ 38,019	\$ 594,691
Loss allowance (Lifetime ECLs)	<u>(1,166)</u>	<u>(1,935)</u>	<u>(3,840)</u>	<u>(1,194)</u>	<u>(1,192)</u>	<u>(38,019)</u>	<u>(47,346)</u>
Amortized cost	<u>\$ 490,320</u>	<u>\$ 26,734</u>	<u>\$ 27,696</u>	<u>\$ 2,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547,345</u>

The movements of the loss allowance of trade receivables and overdue receivables were as follows:

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 48,943	\$ 51,638
Net remeasurement of loss allowance	<u>(2,361)</u>	<u>(4,292)</u>
Balance at March 31	<u>\$ 46,582</u>	<u>\$ 47,346</u>

c. Other receivables

Other receivables mainly include proceeds from sales of securities and guarantee deposits. The Group adopted a policy of only dealing with high credit rating entities and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own historical trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors to determine the expected credit losses for debt instrument investments. As March 31, 2024, December 31, 2023 and March 31, 2023, the expected credit loss rate of other receivables were 0% consistently.

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Real estate under development and real estate to be developed	\$ 3,478,729	\$ 3,477,710	\$ 3,438,760
Raw materials	331,453	375,868	274,330
Supplies and spare parts	158,582	171,621	118,240
Finished goods	153,504	124,079	177,040
Work in progress	59,109	45,982	59,878
Merchandise	<u>-</u>	<u>-</u>	<u>9,399</u>
	<u>\$ 4,181,377</u>	<u>\$ 4,195,260</u>	<u>\$ 4,077,647</u>

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

	For the Three Months Ended March 31	
	2024	2023
Cost of inventories sold	\$ 964,682	\$ 891,334
Write-down of inventories	<u>3,076</u>	<u>-</u>
	<u>\$ 967,758</u>	<u>\$ 891,334</u>

The inventories pledged as collateral for bank borrowings are set out in Note 33.

12. SUBSIDIARIES

The main entities included in the preparation of the consolidated financial statements are as follows:

Investor Company Name	Subsidiary Name	Nature of Business	Percentage of Equity Held (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
Lucky Cement Co.	Dasheng Enterprise Co., Ltd. ("Dasheng Enterprise")	Sale and lease of national residences, commercial buildings, parking lots and industrial areas.	99.99	99.99	99.99
	Luckicon Ready-mixed Concrete Factory Co., Ltd. ("Luckicon Ready-mixed Co.")	Production and sales of concrete.	100.00	100.00	100.00
	Lucky Cement Corp., Japan ("Lucky Cement Japan")	Buy and sell of cement.	100.00	100.00	100.00
	Luckyship Marine Co., Ltd ("Luckyship Co.")	Shipping agent.	100.00	100.00	100.00
Luckicon Ready-mixed Co.	Fuyu Development Co., Ltd.	Earth and stone.	100.00	100.00	100.00

For the three months ended March 31, 2024 and 2023, except for Luckicon Ready-mixed Co., Dasheng Enterprise and Fuyu Development Co., Ltd., the financial statements of the rest of the non-significant subsidiaries which had been included in the consolidated financial statements were not reviewed. As of March 31, 2024 and 2023, the combined total assets of these non-significant subsidiaries were \$27,393 thousand and \$43,817 thousand, respectively, both representing 0% of the consolidated total assets; and combined total liabilities of these subsidiaries were 13,969 thousand \$7,253 thousand, respectively, both representing 0% of the consolidated total liabilities. For the three months ended March 31, 2024 and 2023, the amounts of combined comprehensive loss of these subsidiaries were \$11,958 thousand and \$3,507 thousand, respectively, representing (10%) and (3%), respectively, of the consolidated total comprehensive income.

13. PREPAYMENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Prepaid expenses	\$ 97,499	\$ 80,345	\$ 88,700
Prepaid purchase materials	16,110	12,989	13,816
Prepayments for land purchases	-	-	119,595
Others	<u>1,589</u>	<u>1,627</u>	<u>17,601</u>
	<u>\$ 115,198</u>	<u>\$ 94,961</u>	<u>\$ 239,712</u>

Dasheng Enterprise acquired land from the unrelated party for the total contract price of \$128,092 thousand. On August 30, 2023, the transfers to inventory - real estate under development and real estate to be developed was completed.

14. NON-CURRENT ASSETS HELD FOR SALE

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment held for sale	\$ <u>3,411</u>	\$ <u>-</u>	\$ <u>-</u>

On March 15, 2024, the Company's board of directors resolved to sell the plant and equipment of Lucky Cement Japan and reclassify them from property, plant, and equipment to held for sale non-current assets. Subsequently, on April 24, 2024, a contract was signed with an unrelated party to sell the aforementioned assets for JPY17,500 thousand. Since the agreed selling price exceeds the carrying amount of the held for sale non-current assets, no impairment loss needs to be recognized.

15. OTHER CURRENT ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Offset against business tax payable	\$ 28,724	\$ 30,339	\$ 25,612
Others	<u>1</u>	<u>3</u>	<u>-</u>
	<u>\$ 28,725</u>	<u>\$ 30,342</u>	<u>\$ 25,612</u>

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Sales of Real Estate under Development	Total
<u>Cost</u>								
Balance at January 1, 2024	\$ 2,348,174	\$ 2,216,893	\$ 5,669,632	\$ 1,118,698	\$ 1,062,093	\$ 358,271	\$ 192,529	\$ 12,966,290
Additions	-	-	26,705	52,080	4,280	2,089	47,174	132,328
Disposals	-	-	(7,811)	(1,184)	(6,930)	(217)	-	(16,142)
Net exchange difference	-	(1,796)	(178)	-	-	(6)	-	(1,980)
Reclassification	-	(66,641)	(6,606)	-	-	-	-	(73,247)
Balance at March 31, 2024	<u>2,348,174</u>	<u>2,148,456</u>	<u>5,681,742</u>	<u>1,169,594</u>	<u>1,059,443</u>	<u>360,137</u>	<u>239,703</u>	<u>13,007,249</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2024	-	2,003,255	5,501,087	1,103,096	612,870	330,981	-	9,551,289
Depreciation expense	-	10,062	5,402	1,942	9,619	2,025	-	29,050
Disposals	-	-	(7,811)	(1,184)	(6,930)	(217)	-	(16,142)
Net exchange difference	-	(1,737)	(141)	-	-	(6)	-	(1,884)
Reclassification	-	(64,593)	(5,243)	-	-	-	-	(69,836)
Balance at March 31, 2024	-	<u>1,946,987</u>	<u>5,493,294</u>	<u>1,103,854</u>	<u>615,559</u>	<u>332,783</u>	-	<u>9,492,477</u>
Carrying amount at March 31, 2024	<u>\$ 2,348,174</u>	<u>\$ 201,469</u>	<u>\$ 188,448</u>	<u>\$ 65,740</u>	<u>\$ 443,884</u>	<u>\$ 27,354</u>	<u>\$ 239,703</u>	<u>\$ 3,514,772</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 2,348,174</u>	<u>\$ 213,638</u>	<u>\$ 168,545</u>	<u>\$ 15,602</u>	<u>\$ 449,223</u>	<u>\$ 27,290</u>	<u>\$ 192,529</u>	<u>\$ 3,415,001</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 2,334,454	\$ 2,209,767	\$ 5,598,597	\$ 1,106,961	\$ 935,086	\$ 362,106	\$ -	\$ 12,546,971
Additions	8,154	-	1,189	-	10,865	5,485	-	25,693
Disposals	-	-	-	-	(5,703)	-	-	(5,703)
Net exchange difference	-	(1,134)	(149)	-	(4)	(6)	-	(1,293)
Balance at March 31, 2023	<u>2,342,608</u>	<u>2,208,633</u>	<u>5,599,637</u>	<u>1,106,961</u>	<u>940,244</u>	<u>367,585</u>	-	<u>12,565,668</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Sales of Real Estate under Development	Total
Accumulated depreciation and impairment								
Balance at January 1, 2023	-	1,967,948	5,515,364	1,101,436	593,707	345,001	-	9,523,456
Depreciation expense	-	10,052	4,058	808	7,451	2,541	-	24,910
Disposals	-	-	-	-	(5,703)	-	-	(5,703)
Net exchange difference	-	(1,094)	(124)	-	(4)	(6)	-	(1,228)
Balance at March 31, 2023	-	1,976,906	5,519,298	1,102,244	595,451	347,536	-	9,541,435
Carrying amount at March 31, 2023	\$ 2,342,608	\$ 231,727	\$ 80,339	\$ 4,717	\$ 344,793	\$ 20,049	\$ -	\$ 3,024,233

(Concluded)

- a. The reclassification involves the reclassification of buildings and equipment from property, plant, and equipment to held for sale non-current assets, refer to Note 14.
- b. A part of the Group's land use rights reserved for use by the aborigines and for agriculture is temporarily registered in the name of a third person. The trustee had issued an affidavit and mortgaged the land to the Group.
- c. The Group's property, plant and equipment are depreciated on a straight-line method over their estimated useful lives as follows:

Buildings	
Main building of plant	35-53 years
Electrical power equipment	10-15 years
Engineering system	2-5 years
Machinery and equipment	2-22 years
Electrical equipment	2-18 years
Transportation equipment	2-17 years
Office equipment	2-19 years
- d. No impairment assessment was performed for the three months ended March 31, 2024 and 2023 as there was no indication of impairment.
- e. Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 33.

17. LEASE ARRANGEMENTS

- a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Land	\$ 32,098	\$ 35,075	\$ 26,298
Buildings	132,682	118,811	92,068
Transportation equipment	<u>263</u>	<u>341</u>	<u>576</u>
	<u>\$ 165,043</u>	<u>\$ 154,227</u>	<u>\$ 118,942</u>

	For the Three Months Ended March 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 24,949</u>	<u>\$ 1,859</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,065	\$ 2,831
Buildings	10,990	11,015
Transportation equipment	<u>78</u>	<u>100</u>
	<u>\$ 14,133</u>	<u>\$ 13,946</u>

Except for the aforementioned recognized addition and depreciation, the Group did not have any significant subleases or impairment of right-of-use assets during the three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amount</u>			
Current	<u>\$ 53,088</u>	<u>\$ 49,722</u>	<u>\$ 46,313</u>
Non-current	<u>\$ 113,521</u>	<u>\$ 105,834</u>	<u>\$ 74,107</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land	1.55%-2.22%	1.55%-2.22%	1.50%-2.03%
Buildings	1.55%-2.36%	1.55%-2.36%	1.50%-1.76%
Transportation equipment	2.03%	2.03%	2.03%

c. Material leasing activities and terms

The Group leases lands and buildings for the use of offices and operations with lease terms of 1 to 20 years.

The Group leases transportation equipment for the use of general business operations with lease terms of 2 years.

The Group does not have bargain purchase options to acquire the leasehold assets above at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	\$ 1,829	\$ 1,066
Expenses relating to low-value asset leases	166	151
Interest on lease liabilities	791	488
Principal portion of lease liabilities	<u>13,896</u>	<u>13,895</u>
Total cash outflow for leases	<u>\$ 16,682</u>	<u>\$ 15,600</u>

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

18. OTHER NON-CURRENT ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayments for the equipment	\$ 74,312	\$ 120,867	\$ 257,083
Prepayments for investment property	18,874	18,874	18,874
Net limestone mining rights	18,764	18,764	18,766
Long-term prepaid expenses	<u>2,394</u>	<u>4,318</u>	<u>40,129</u>
	<u>\$ 114,344</u>	<u>\$ 162,823</u>	<u>\$ 334,852</u>

In May 2021, the Group purchased fund beneficiary certificates which were classified as non-current financial assets at fair value through profit or loss. The Group decided to settle and distribute its real estate to investors. Because the transfer procedures of the real estate allocated by the Group have not been completed, it was recorded in other non-current assets - prepayments for investment property.

19. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 33)</u>			
Bank loans	\$ 460,500	\$ 444,500	\$ 817,000
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>428,000</u>	<u>535,000</u>	<u>388,890</u>
	<u>\$ 888,500</u>	<u>\$ 979,500</u>	<u>\$ 1,205,890</u>

The interest rates of the bank loans were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Secured borrowings	1.90%-2.38%	1.90%-2.38%	1.90%-2.74%
Unsecured borrowings	1.76%-2.17%	1.89%-2.22%	1.60%-2.17%

b. Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Commercial paper	\$ 200,000	\$ 360,000	\$ 430,000
Less: Unamortized discounts on bills payable	<u>(542)</u>	<u>(723)</u>	<u>(577)</u>
	<u>\$ 199,458</u>	<u>\$ 359,277</u>	<u>\$ 429,423</u>

Outstanding short-term bills payable were as follows:

March 31, 2024

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 50,000	\$ 144	\$ 49,856	2.11%
Dah Chung Bills Finance Corporation	50,000	156	49,844	1.99%
China Bills Finance Corporation	50,000	79	49,921	1.99%
Mega Bills Finance Corporation	<u>50,000</u>	<u>163</u>	<u>49,837</u>	2.09%
	<u>\$ 200,000</u>	<u>\$ 542</u>	<u>\$ 199,458</u>	

December 31, 2023

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 50,000	\$ 147	\$ 49,853	2.11%
Mega Bills Finance Corporation	130,000	132	129,868	1.90%-1.99%
Dah Chung Bills Finance Corporation	50,000	83	49,917	2.02%
				(Continued)

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
China Bills Finance Corporation	\$ 80,000	\$ 213	\$ 79,787	1.89%-2.02%
Grand Bills Finance Corporation	<u>50,000</u>	<u>148</u>	<u>49,852</u>	1.90%
	<u>\$ 360,000</u>	<u>\$ 723</u>	<u>\$ 359,277</u>	(Concluded)

March 31, 2023

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 130,000	\$ 356	\$ 129,644	1.94%-1.99%
Grand Bills Finance Corporation	20,000	17	19,983	1.90%
Dah Chung Bills Finance Corporation	100,000	45	99,955	1.93%-1.99%
China Bills Finance Corporation	100,000	47	99,953	1.89%-1.94%
Mega Bills Finance Corporation	<u>80,000</u>	<u>112</u>	<u>79,888</u>	1.90%
	<u>\$ 430,000</u>	<u>\$ 577</u>	<u>\$ 429,423</u>	

Short-term bills payable are commercial promissory notes guaranteed by bank, there are no collateral of them, and the duration of each note does not exceed 180 days.

c. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 33)</u>			
Bank loans	\$ 1,451,000	\$ 1,570,000	\$ 1,220,000
<u>Unsecured borrowings</u>			
Loans from bank	-	-	100,000
Less: Current portions	<u>(293,750)</u>	<u>(212,500)</u>	<u>(100,000)</u>
Long-term borrowings	<u>\$ 1,157,250</u>	<u>\$ 1,357,500</u>	<u>\$ 1,220,000</u>

Method of Repayment		March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>				
Taiwan Cooperative Bank	The period is from October 5, 2022 to January 12, 2027, with principal to be repaid in quarterly installments beginning in January 2024.	\$ 550,000	\$ 600,000	\$ 600,000
Bank of Taiwan	The period is from April 17, 2023 to April 17, 2026 and the principal is repayable in quarterly installments beginning in July 2024.	250,000	250,000	-
O-Bank	The period is from December 28, 2022 to December 28, 2027, with a lump sum principal repayment due and partial early repayment of principal in November 2023 and March 2024, respectively.	250,000	430,000	460,000
Sunny Bank	The period is from March 30, 2023 to March 30, 2026. The principal will be repaid one time on the maturity date.	401,000	290,000	160,000
<u>Unsecured borrowings</u>				
The Export-Import Bank of the Republic of China	The period is from August 5, 2022 to September 5, 2023. The principal will be repaid one time on the maturity date.	-	-	100,000
		1,451,000	1,570,000	1,320,000
Less: Current portions		(293,750)	(212,500)	(100,000)
Long-term borrowings		<u>\$ 1,157,250</u>	<u>\$ 1,357,500</u>	<u>\$ 1,220,000</u>

The annual interest rate ranges of long-term borrowings were 2.10%-2.93%, 2.21%-3.06% and 2.13%-3.06% as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

Dasheng Enterprise signed a medium-term loan commitment with O-Bank to guarantee that the mortgaged land should start construction before June 28, 2024 or at the latest within 18 months after the date of loan transfer. If the construction isn't started as scheduled, the loan amount will be lower, and the interest rate will be raised stepwise (by 0.25% each year). The progress of the project will be regularly reviewed. Another agreement fulfillment tracking items are as follows:

- 1) The following financial ratios shall be maintained in the Group's annual consolidated financial statements, which shall be reviewed annually during the term of the credit facility
 - a) Current ratio (current assets/current liabilities): Should be at least 100% (inclusive);
 - b) Debt ratio [(total liabilities/(net worth - intangible assets))]: Not higher than 120%;
 - c) Net tangible value (net worth - intangible assets): Should be maintained at least NT\$4 billion (inclusive).
- 2) Collateral must be revalued once a year by an external appraiser approved by O-Bank. LTV Ratio (Loan-to-value ratio) must be no more than 50%. If it is higher than 50%, Dasheng Enterprise is required to provide the pledged deposit to O-Bank for the difference within 10 business days from the appraisal report date or settle the credit balance in advance. If it is less than 50%, the deposit slip can be canceled for the original.

20. NOTES PAYABLE AND TRADE PAYABLES

a. Notes payable

The Group issues notes payable for domestic payments and equipments.

b. Trade payables

The average credit period for purchases is 3 months. The Group's financial risk management policies ensure that all payables are repaid within the pre-agreed credit period.

21. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Payables for dividends (Note 24)	\$ 404,738	\$ -	\$ 323,790
Payables for salaries and bonuses	108,995	120,426	89,970
Payables for purchases of equipment	29,291	7,765	7,148
Payables for utilities expense	22,707	22,223	20,293
Payables for taxes	15,526	25,690	23,732
Payables for freight expense	13,565	14,516	11,703
Others	<u>34,383</u>	<u>24,486</u>	<u>27,753</u>
	<u>\$ 629,205</u>	<u>\$ 215,106</u>	<u>\$ 504,389</u>

22. RETIREMENT BENEFIT PLANS

The pension expenses of defined benefit plan were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively. An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Three Months Ended March 31	
	2024	2023
Operating costs	\$ 97	\$ 126
Selling and marketing expenses	23	27
General and administrative expenses	<u>41</u>	<u>54</u>
	<u>\$ 161</u>	<u>\$ 207</u>

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current/non-current classification of the Group's assets and liabilities relating to the construction and development business was based on its operating cycle. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

March 31, 2024

	Within 1 Year	More Than 1 Year	Total
Assets			
Financial assets at amortized cost	\$ 31,820	\$ -	\$ 31,820
Inventories	<u>-</u>	<u>3,478,729</u>	<u>3,478,729</u>
	<u>\$ 31,820</u>	<u>\$ 3,478,729</u>	<u>\$ 3,510,549</u>
Liabilities			
Contract liabilities	<u>\$ -</u>	<u>\$ 524,085</u>	<u>\$ 524,085</u>

December 31, 2023

	Within 1 Year	More Than 1 Year	Total
Assets			
Financial assets at amortized cost	\$ 31,820	\$ -	\$ 31,820
Inventories	<u>-</u>	<u>3,477,710</u>	<u>3,477,710</u>
	<u>\$ 31,820</u>	<u>\$ 3,477,710</u>	<u>\$ 3,509,530</u>
Liabilities			
Contract liabilities	<u>\$ -</u>	<u>\$ 262,042</u>	<u>\$ 262,042</u>

March 31, 2023

	Within 1 Year	More Than 1 Year	Total
Assets			
Financial assets at amortized cost	\$ 31,820	\$ -	\$ 31,820
Inventories	-	3,438,760	3,438,760
Prepayment for land purchases	<u>-</u>	<u>119,595</u>	<u>119,595</u>
	<u>\$ 31,820</u>	<u>\$ 3,558,355</u>	<u>\$ 3,590,175</u>
Liabilities			
Contract liabilities	<u>\$ -</u>	<u>\$ 262,042</u>	<u>\$ 262,042</u>

24. EQUITY

a. Share capital

Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	498,646	498,646	498,646
Shares authorized	<u>\$ 4,986,460</u>	<u>\$ 4,986,460</u>	<u>\$ 4,986,460</u>
Number of shares issued and fully paid (in thousands)	404,738	404,738	404,738
Shares issued	<u>\$ 4,047,380</u>	<u>\$ 4,047,380</u>	<u>\$ 4,047,380</u>

A holder of issued ordinary share with a par value of \$10 is entitled to exercise shareholders' voting rights and to receive distributed dividends.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	\$ 10	\$ 10	\$ 10
<u>May be used only to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries	8	8	8
	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 18</u>

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

The Company's Articles of incorporation ("Articles"), which stipulates that the Company shall consider distribution of earnings or appropriation of earnings to a reserve at the end of the first half of the fiscal year or at the end of the fiscal year. The business report and financial statements should be submitted to the audit committee for review, and to the board of directors for resolution.

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and

bonuses to shareholders. However, these stipulations shall not apply when the legal reserve amount has reached the authorized capital. The Company should also follow Article 240 of the Company Act in the case of distribution of earnings in the form of shares; in the case of distribution of earnings in cash, the board of directors is authorized to resolve the distribution of cash dividends; the resolution should be adopted by a majority vote in the meeting of the board of directors attended by two-thirds of all the directors, and then reported to the shareholders' meeting.

According to the Articles, the Company should distribute earnings or appropriate earnings to a reserve based on the financial statements audited or reviewed by an independent accountant.

The Articles stipulate that in the allocation of annual earnings, the Group shall first appropriate 10% of earnings to legal reserve and then appropriate to special reserve amount to cover deduction items in the equity, payment of business tax and to make up for past annual loss. From the remaining amount after the above allocation plus 40%-80% of unappropriated earnings in the previous year, no distribution will be made if the amount is less than NT\$0.1 per share but will be retained in the unappropriated earnings. The board of directors shall propose distribution of dividends and the shareholders in their meeting shall approve the proposal. Refer to Note 26 (h), employee benefits, for the revised policy on the compensation of employees and remuneration of directors.

The appropriation and distribution of earnings and capital surplus as cash dividend or share dividend shall be subject to the real profit and fund situation in the current year, with consideration of fund for investment and possible dilution of earnings per share. The allocation for share dividend shall be limited to 20% of the issued shares. In case there is deduction item in equity, the deduction item shall be first offset with earnings or capital surplus before making the appropriation and allocation. When equity deduction item is reversed, the reversed amount shall be allocated to capital surplus. The allocation of capital surplus shall be accounted in the current year and passed in the general meeting of shareholders in the next year.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

On November 10, 2023 and November 10, 2022 the Company's board of directors adopted the results of operations for the first half of 2023 and 2022, respectively, decided not to distribute dividends.

The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Appropriation of legal reserve	\$ 43,445	\$ 59,333
(Reversal) appropriation of special reserve	\$ (54,382)	\$ 76,147
Cash dividends	\$ 404,738	\$ 323,790
Cash dividends per share (NT\$)	\$ 1.00	\$ 0.80

The above appropriations of cash dividends had been resolved by the Company's board of directors on March 15, 2024 and March 16, 2023, respectively. The appropriations of earnings for 2022 had been resolved by the shareholders in their meeting on June 30, 2023 and the appropriations of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 18, 2024.

d. Special reserve

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 91,055	\$ 14,908
(Reversal) appropriation of special reserve		
(Reversal) appropriation of the debits to other equity items	<u>(54,382)</u>	<u>76,147</u>
Balance at March 31	<u>\$ 36,673</u>	<u>\$ 91,055</u>

Upon initial application of IFRSs, the conversion adjustments of NT\$14,135 thousand were transferred to retained earnings, and the same amount was appropriated to special reserve.

e. Other equity items

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ 2,721	\$ 3,668
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(168)</u>	<u>(270)</u>
Balance at March 31	<u>\$ 2,553</u>	<u>\$ 3,398</u>

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

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	<u>\$ (39,394)</u>	<u>\$ (94,723)</u>
Recognized for the year		
Unrealized (loss) gain - equity instruments	<u>(7,108)</u>	<u>1,268</u>
Other comprehensive income (loss) recognized for the year	<u>(7,108)</u>	<u>1,268</u>
Balance at March 31	<u>\$ (46,502)</u>	<u>\$ (93,455)</u>

25. REVENUE

a. Segmentation of customer's contract revenue

	For the Three Months Ended March 31	
	2024	2023
Cement	\$ 507,706	\$ 485,028
Cement products	407,542	373,951
Stone materials	149,684	119,705
Others	<u>128,036</u>	<u>113,981</u>
	<u>\$ 1,192,968</u>	<u>\$ 1,092,665</u>

b. Balance of assets and liabilities related to the sales contracts

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable (Note 10)	<u>\$ 408,425</u>	<u>\$ 493,136</u>	<u>\$ 471,547</u>	<u>\$ 432,925</u>
Trade receivables (Note 10)	<u>\$ 604,106</u>	<u>\$ 686,567</u>	<u>\$ 547,345</u>	<u>\$ 561,838</u>
Trade receivables from related parties	<u>\$ 11,317</u>	<u>\$ 12,234</u>	<u>\$ 9,043</u>	<u>\$ 11,724</u>
Contract liabilities				
Cement sales	\$ 229,654	\$ 248,478	\$ 278,262	\$ 283,936
Property sales	524,085	262,042	262,042	262,042
Others	<u>6,662</u>	<u>10,339</u>	<u>5,820</u>	<u>3,211</u>
	<u>\$ 760,401</u>	<u>\$ 520,859</u>	<u>\$ 546,124</u>	<u>\$ 549,189</u>

26. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended March 31	
	2024	2023
Gain (loss) on disposal of property, plant and equipment	<u>\$ 711</u>	<u>\$ 1,900</u>

b. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	<u>\$ 744</u>	<u>\$ 646</u>

c. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income	\$ 2,224	\$ 2,159
Others	<u>3,147</u>	<u>8,110</u>
	<u>\$ 5,371</u>	<u>\$ 10,269</u>

d. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net foreign exchange gains (losses)	\$ 140	\$ (65)
Net gain on fair value changes of financial assets at fair value through profit or loss	962	16,645
Depreciation of leased assets	(573)	(573)
Others	<u>(2,236)</u>	<u>(923)</u>
	<u>\$ (1,707)</u>	<u>\$ 15,084</u>

e. Financial costs

	For the Three Months Ended March 31	
	2024	2023
Bank loan	\$ 11,373	\$ 14,333
Interest on lease liabilities	791	488
Interest on loans from related parties	<u>518</u>	<u>330</u>
	<u>\$ 12,682</u>	<u>\$ 15,151</u>

Information about interest capitalization is as follows:

	For the Three Months Ended March 31	
	2024	2023
Amount of interest capitalized	<u>\$ 4,523</u>	<u>\$ 2,661</u>
Interest capitalized rate	2.09%-2.38%	1.99%-2.74%

f. Depreciation, amortization and depletion

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 29,050	\$ 24,910
Right-of-use assets	14,133	13,946
Long-term prepaid expenses	1,970	4,653
Limestone mining rights	<u>-</u>	<u>-</u>
	<u>\$ 45,153</u>	<u>\$ 43,509</u>
An analysis of depreciation by function		
Operating costs	\$ 31,709	\$ 27,394
Operating expenses	10,901	10,889
Non-operating expenses	<u>573</u>	<u>573</u>
	<u>\$ 43,183</u>	<u>\$ 38,856</u>
An analysis of amortization by function		
Operating costs	\$ 1,604	\$ 4,287
Operating expenses	<u>366</u>	<u>366</u>
	<u>\$ 1,970</u>	<u>\$ 4,653</u>

g. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Post-employment benefits		
Defined contribution plan	\$ 3,553	\$ 3,397
Defined benefit plans (Note 22)	<u>161</u>	<u>207</u>
	3,714	3,604
Other employee benefits	<u>102,050</u>	<u>100,094</u>
Total employee benefits expense	<u>\$ 105,764</u>	<u>\$ 103,698</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 68,096	\$ 65,839
Operating expenses	<u>37,668</u>	<u>37,859</u>
	<u>\$ 105,764</u>	<u>\$ 103,698</u>

h. Compensation of employees and remuneration of directors

The Company shall appropriate 3% and not less than 5% of the profit before tax and before deduction of compensation of employees and remuneration of directors in the current year.

The compensation of employees and the remuneration of directors for the three months ended March 31, 2024 and 2023 are estimated as follows:

Accrual rate

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	3%	3%
Remuneration of directors	5%	5%

Amount

	For the Three Months Ended March 31	
	2024	2023
Compensation of employees	\$ 4,674	\$ 4,799
Remuneration of directors	7,789	7,998

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

The appropriations of compensation of employees and remuneration of directors for 2023 and 2022 that were resolved by the board of directors on March 15, 2024 and March 16, 2023, respectively, are as shown below:

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 20,060	\$ 21,524
Remuneration of directors	33,433	35,874

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gains	\$ 140	\$ 65
Foreign exchange losses	-	(130)
	<u>\$ 140</u>	<u>\$ (65)</u>

27. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current year	\$ 32,181	\$ 28,593
Adjustments for prior year	<u>284</u>	<u>-</u>
	32,465	28,593
Deferred tax		
In respect of the current year	<u>(1,303)</u>	<u>389</u>
Income tax expense recognized in profit or loss	<u>\$ 31,162</u>	<u>\$ 28,982</u>

- b. Income tax assessments

The income tax returns through 2022 of the Company Dasheng Enterprise, Fuyu Development Co., Ltd. and Luckyship Co., have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts.

The income tax returns through 2021 of the Company have been assessed by the tax authorities, and there is no significant difference between the reported amounts and the assessed amounts.

28. EARNINGS PER SHARE

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

Net Profit

	For the Three Months Ended March 31	
	2024	2023
Earnings used in the computation of earnings per share	<u>\$ 122,112</u>	<u>\$ 127,214</u>

Earnings Per Share

(In Thousands of Shares)

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>1,316</u>	<u>1,663</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>406,054</u>	<u>406,401</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. CASH FLOW INFORMATION

Partial Cash Transactions

The following are the Group's non-cash investing activities which were not reflected in the consolidated statements of cash flows for the three months ended March 31, 2024 and 2023:

	For the Three Months Ended March 31	
	2024	2023
Partial cash payments for purchase of PP&E		
Acquisition of property, plant and equipment	\$ 132,328	\$ 25,693
Amount of interest capitalized	(4,523)	(2,661)
Net changes in prepayments for business facilities	(46,555)	19,348
Net changes in payable for purchase of equipment (reported as notes payable and other payables (related parties included))	<u>28,384</u>	<u>10,871</u>
Cash paid	<u>\$ 109,634</u>	<u>\$ 53,251</u>

Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2024

	Balance at January 1, 2024	Cash Flows	Non-cash Changes			Balance at March 31, 2024
			New Lease	Discount Amortization	Others	
Short-term borrowings	\$ 979,500	\$ (91,000)	\$ -	\$ -	\$ -	\$ 888,500
Short-term bills payable	359,277	(160,000)	-	181	-	199,458
Long-term borrowings	1,570,000	(119,000)	-	-	-	1,451,000
Guarantee deposits received	48,680	11,110	-	-	-	59,790
Other payables to related parties	172,920	3,500	-	-	(341)	176,079
Lease liabilities	<u>155,556</u>	<u>(13,896)</u>	<u>24,949</u>	<u>-</u>	<u>-</u>	<u>166,609</u>
	<u>\$ 3,285,933</u>	<u>\$ (369,286)</u>	<u>\$ 24,949</u>	<u>\$ 181</u>	<u>\$ (341)</u>	<u>\$ 2,941,436</u>

For the three months ended March 31, 2023

	Balance at January 1, 2023	Cash Flows	Non-cash Changes			Balance at March 31, 2023
			New Lease	Discount Amortization	Others	
Short-term borrowings	\$ 1,478,200	\$ (272,310)	\$ -	\$ -	\$ -	\$ 1,205,890
Short-term bills payable	409,296	20,000	-	127	-	429,423
Long-term borrowings	1,160,000	160,000	-	-	-	1,320,000
Guarantee deposits received	39,040	8,194	-	-	-	47,234
Lease liabilities	<u>132,456</u>	<u>(13,895)</u>	<u>1,859</u>	<u>-</u>	<u>-</u>	<u>120,420</u>
	<u>\$ 3,218,992</u>	<u>\$ (98,011)</u>	<u>\$ 1,859</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 3,122,967</u>

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The overall strategy of the Group remains consistent.

The capital structure of the Group consists of net debt (borrowings offset by cash) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity).

In addition to the commitment to maintain the contractual terms of the long-term loans signed between the subsidiary Dasheng Enterprise and the bank. The Group is not yet subject to other external capital requirements.

Key management personnel of the Group review the capital structure on regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of public finance-debt or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

There is no significant difference between the carrying amount and fair values of the financial assets and financial liabilities which are not measured at fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 11,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,884</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 100,483	\$ -	\$ -	\$ 100,483
Unlisted shares	<u>-</u>	<u>-</u>	<u>10,513</u>	<u>10,513</u>
	<u>\$ 100,483</u>	<u>\$ -</u>	<u>\$ 10,513</u>	<u>\$ 110,996</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 10,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,922</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 83,279	\$ -	\$ -	\$ 83,279
Unlisted shares	<u>-</u>	<u>-</u>	<u>10,590</u>	<u>10,590</u>
	<u>\$ 83,279</u>	<u>\$ -</u>	<u>\$ 10,590</u>	<u>\$ 93,869</u>

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 70,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,267</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 125,286	\$ -	\$ -	\$ 125,286
Unlisted shares	<u>-</u>	<u>-</u>	<u>9,329</u>	<u>9,329</u>
	<u>\$ 125,286</u>	<u>\$ -</u>	<u>\$ 9,329</u>	<u>\$ 134,615</u>

There were no transfers between Levels 1 and 2 in the current and prior period.

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

For the three months ended March 31, 2024

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2024	\$ 10,590
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	____(77)
Balance at March 31, 2024	<u>\$ 10,513</u>

For the three months ended March 31, 2023

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 9,395
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	____(66)
Balance at March 31, 2023	<u>\$ 9,329</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The asset approach and comparable listed companies approach were used to calculate the fair values of investments in domestic unlisted equity instruments.

The comparable listed companies approach takes into account the transaction prices of shares of listed companies in an active market, the value multiplier implicit in the price, and the liquidity discount when evaluating the fair value of the target company.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 11,884	\$ 10,922	\$ 70,267
Financial assets at amortized cost (1)	1,563,180	1,744,308	1,610,876
Financial assets at FVTOCI			
Equity instruments	110,996	93,869	134,615
<u>Financial liabilities</u>			
Amortized cost (2)	3,423,945	3,887,827	3,710,251

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable, trade receivables, other receivables and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables (excluding salaries, bonuses and taxes), long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

The exposure to market risk of the financial instruments of the Group and the management and measurement of the exposure have not changed.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets (including those eliminated on consolidation) at the end of the period are set out in Note 37.

Sensitivity analysis

The Group is mainly exposed to the USD and the RMB.

The following table shows the sensitivity analysis of the Group when the exchange rate of the New Taiwan dollar to the relevant foreign currency increases and decreases by 5%. The 5% sensitivity rate is used for reporting currency risk to key management personnel of the Group; the management believes it is the reasonably acceptable range of fluctuation of foreign currency rate. The positive (negative) amounts on the table below indicate an increase (decrease) in pre-tax income amount when the New Taiwan dollar weakens (strengthens) by 5% relative to the relevant currency.

	USD Impact		RMB Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2024	2023	2024	2023
Profit or loss	\$ (75)	\$ (41)	\$ (382)	\$ (379)

The above analysis included cash in banks, financial assets at amortized cost and bank loans denominated in USD and RMB which are outstanding at the end of the reporting period.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Cash flow interest rate risk			
Financial assets	\$ 487,292	\$ 492,306	\$ 500,019
Financial liabilities	2,673,758	3,040,077	3,048,613

Sensitivity analysis

The following sensitivity analysis shows the effect of a 25 basis points change in interest rates of non-derivative instruments at the balance sheet date. The 25 basis point sensitivity is used in internal reports to key management personnel; it represents the reasonably possible change in interest rates acceptable to the management.

Had interest rates increased/decreased by 25 basis points, the profit before tax for the three months ended March 31, 2024 and 2023 would have decreased by \$1,367 thousand and \$1,593 thousand, respectively, with all other variables held constant; the non-derivative instruments include floating rate loan, demand deposit and restricted asset.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation could be equal to the total assets shown on the balance sheets.

The policy of the Group is to only trade with counterparties with high reputation, and to require sufficient guarantee to reduce the financial loss from default. The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk table

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group is required to pay.

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 291,283	\$ 342,686	\$ 463,179	\$ 3,477	\$ 54,300
Lease liabilities	8,987	5,697	40,948	109,275	9,062
Variable interest rate liabilities	<u>264,500</u>	<u>673,458</u>	<u>578,550</u>	<u>1,157,250</u>	<u>-</u>
	<u>\$ 564,770</u>	<u>\$ 1,021,841</u>	<u>\$ 1,082,677</u>	<u>\$ 1,270,002</u>	<u>\$ 63,362</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 402,876	\$ 329,004	\$ 57,821	\$ 3,649	\$ 54,400
Lease liabilities	8,776	4,538	38,749	101,157	9,216
Variable interest rate liabilities	<u>259,845</u>	<u>784,432</u>	<u>638,300</u>	<u>1,357,500</u>	<u>-</u>
	<u>\$ 671,497</u>	<u>\$ 1,117,974</u>	<u>\$ 734,870</u>	<u>\$ 1,462,306</u>	<u>\$ 63,616</u>

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 233,575	\$ 327,679	\$ 364,713	\$ 4,561	\$ 54,900
Lease liabilities	8,851	5,244	33,456	75,481	-
Variable interest rate liabilities	<u>519,779</u>	<u>799,944</u>	<u>508,890</u>	<u>1,220,000</u>	<u>-</u>
	<u>\$ 762,205</u>	<u>\$ 1,132,867</u>	<u>\$ 907,059</u>	<u>\$ 1,300,042</u>	<u>\$ 54,900</u>

b) Financing facilities

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured facilities			
Amount used	\$ 635,616	\$ 895,000	\$ 921,012
Amount unused	<u>1,228,129</u>	<u>1,448,631</u>	<u>546,778</u>
	<u>\$ 1,863,745</u>	<u>\$ 2,343,631</u>	<u>\$ 1,467,790</u>
Secured facilities			
Amount used	\$ 1,911,500	\$ 2,014,500	\$ 2,037,000
Amount unused	<u>1,633,400</u>	<u>1,149,749</u>	<u>1,784,265</u>
	<u>\$ 3,544,900</u>	<u>\$ 3,164,249</u>	<u>\$ 3,821,265</u>

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related parties

Related Party Name	Related Party Category
Other related party	
Yung-Sheng Development Enterprise Co., Ltd. ("Yung-Sheng Development")	The chairman is also the chairman of the Company
Liang-Chuan Cultural and Educational Foundation ("Liang-Chuan Foundation")	The chairman is also the chairman of the Company
Fudong Freight Co., Ltd. ("Fudong Freight")	The chairman is first-degree relative of the chairman of the Company
East Life Biotech Co., Ltd. ("East Life Biotech")	The chairman is also the chairman of the Company
Jia Fu Entertainment Co., Ltd. ("Jia Fu Entertainment")	The chairman is first-degree relative of the chairman of the Company
Wantong Property Insurance Brokers Co., Ltd. ("Wantong Property Insurance")	The chairman is first-degree relative of the chairman of the Company
Lucky Construction Co., Ltd. ("Lucky Construction")	The chairman is first-degree relative of the chairman of the Company
Kuochuan Development Co., Ltd. ("Kuochuan Development")	The chairman is first-degree relative of the chairman of the Company
Ri Kon Construction Co., Ltd. (Ri Kon Construction)	The chairman is first-degree relative of the chairman of the Company
Shi Yi Cement Corporation (Shi Yi Cement)	The chairman is first-degree relative of the chairman of the Company
Changheng Investment Co. ("Changheng Investment")	The company is major shareholder of the Company
Jinli Investment Co., Ltd. ("Jinli Investment")	The company is major shareholder of the Company
Cheng Haibin	The person is third-degree relative of the chairman of the Company
Fuan Mining Co., Ltd. ("Fuan Mining")	A manager in the company is spouse of a first-degree relative of the chairman of the Company

b. Business transactions

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2024	2023
Sales	Other related parties	<u>\$ 26,303</u>	<u>\$ 21,291</u>
Purchases of goods	Fuan Mining	\$ 79,813	\$ 72,609
	Other related parties	<u>9,697</u>	<u>9,333</u>
		<u>\$ 89,510</u>	<u>\$ 81,942</u>
Operating costs - transportation expenses	Other related parties	<u>\$ 2,385</u>	<u>\$ 3,019</u>
Operating costs - manufacturing expenses	Other related parties	<u>\$ 166</u>	<u>\$ 3</u>
Operating expenses	Other related parties	<u>\$ 1,992</u>	<u>\$ 539</u>

The prices of purchases and sales between the Group and related parties are negotiated separately, and the period of receipt and payment is comparable to that of non-related parties.

c. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	Fuan Mining	\$ 11,314	\$ 11,644	\$ 8,734
	Yung-Sheng Development	<u>3</u>	<u>590</u>	<u>309</u>
		<u>\$ 11,317</u>	<u>\$ 12,234</u>	<u>\$ 9,043</u>
Other receivables	Jia Fu Entertainment	\$ 219	\$ 305	\$ 391
	Shi Yi Cement	161	-	-
	Other related parties	<u>6</u>	<u>6</u>	<u>34</u>
		<u>\$ 386</u>	<u>\$ 311</u>	<u>\$ 425</u>

The outstanding trade receivables from related parties are unsecured. As of March 31, 2024, December 31, 2023 and March 31, 2023, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable (excluding loan from related parties)	Fuan Mining	\$ 48,758	\$ 61,225	\$ 44,546
	Fudong Freight	4,439	5,555	7,354
	Ri Kon Construction Co.	-	-	8,243
	Other related parties	<u>-</u>	<u>-</u>	<u>74</u>
		<u>\$ 53,197</u>	<u>\$ 66,780</u>	<u>\$ 60,217</u>

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Trade payables	Fuan Mining	\$ 35,046	\$ 36,067	\$ 31,693
	Fudong Freight	<u>3,433</u>	<u>6,233</u>	<u>3,916</u>
		<u>\$ 38,479</u>	<u>\$ 42,300</u>	<u>\$ 35,609</u>
Other payables - loan from related parties)	Fudong Freight	\$ 1,034	\$ 940	\$ 1,142
	Other related parties	<u>66</u>	<u>508</u>	<u>251</u>
		<u>\$ 1,100</u>	<u>\$ 1,448</u>	<u>\$ 1,393</u>

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Other payables - current	Fuan Mining	<u>\$ 134,979</u>	<u>\$ 131,472</u>	<u>\$ 93,414</u>
Other payables - non-current	Cheng Haibin	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>

For the Three Months Ended March 31

2024	2023
------	------

Financial cost

Other related parties	<u>\$ 518</u>	<u>\$ 330</u>
-----------------------	---------------	---------------

The interest rate of other payables - current has no difference to the market interest rate. The other payables to related parties - non-current are interest-free loans from shareholders. The loans from the related parties are unsecured.

f. Lease arrangements - the Group is lessee

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities - current	Jia Fu Entertainment	<u>\$ 401</u>	<u>\$ 399</u>	<u>\$ -</u>
Lease liabilities - non-current	Jia Fu Entertainment	<u>\$ 9,434</u>	<u>\$ 9,535</u>	<u>\$ -</u>

Related Party Name	For the Three Months Ended March 31	
	2024	2023
Interest expense		
Jia Fu Entertainment	\$ 55	\$ -

The Group leased right-of-use of land from its related party in June 2023, the lease term of the contract was 20 years, the rental is based on agreement and fixed lease payments are paid monthly.

g. Lease arrangements

Lease arrangements - the Group is lessor under operating leases

Future lease payment receivables are as follows:

Related Party Category/Name	March 31, 2024	December 31,	March 31, 2023
		2023	
Fudong Freight	\$ 2,384	\$ 2,540	\$ 3,008
Other related parties	<u>396</u>	<u>432</u>	<u>108</u>
	<u>\$ 2,780</u>	<u>\$ 2,972</u>	<u>\$ 3,116</u>

Lease income was as follows:

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Fudong Freight	\$ 336	\$ 336
Other related parties	<u>36</u>	<u>36</u>
	<u>\$ 372</u>	<u>\$ 372</u>

The rental amounts and collection methods are negotiated.

h. Compensation of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 16,216	\$ 16,499
Post-employment benefits	<u>132</u>	<u>127</u>
	<u>\$ 16,348</u>	<u>\$ 16,626</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group are pledged as collateral for long-term and short-term bank loans, short-term bills payable, and other credit accommodation:

	March 31, 2024	December 31, 2023	March 31, 2023
Property under development (reported as inventories)	\$ 3,384,515	\$ 3,383,496	\$ 3,378,858
Property, plant and equipment	1,947,103	1,948,500	1,952,640
Restricted assets (reported as financial assets at amortized cost)	230,516	217,516	252,570
Notes receivable	<u>2,599</u>	<u>11,900</u>	<u>14,200</u>
	<u>\$ 5,564,733</u>	<u>\$ 5,561,412</u>	<u>\$ 5,598,268</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

In addition to those disclosed in other notes, significant commitments and unrecognized commitments of the Company as of December 31, 2022 and 2021, were as follows:

- As of March 31, 2024, the Group has signed a contract for purchase of property, plant and equipment; the unpaid amount is \$270,055 thousand.
- As of March 31, 2024, December 31, 2023 and March 31, 2023, unused letters of credit for purchases of raw materials amounted to approximately \$7,616 thousand, \$0 thousand and \$2,122 thousand, respectively.

35. OTHER MATTER

On February 15, 2023, the president promulgated amendments to the Climate Change Adaptation Act, which included provisions for levying carbon fees. Subsequently, on April 29, 2024, the Ministry of Environment announced draft regulations for "Carbon Fee Charging Methods," "Voluntary Emission Reduction Plan Management Methods," and "Greenhouse Gas Reduction Target Designation for Carbon Fee Collection." According to the draft regulations for carbon fee charging methods, starting in 2024, electricity and large-scale manufacturing industries that meet the Ministry of Environment's criteria for inspection, registration and inspection of emissions sources, and whose combined annual emissions of greenhouse gases from direct emissions at the plant (site) and indirect emissions from electricity usage reach 25,000 metric tons of carbon dioxide equivalent, are required to pay carbon fees.

Based on the emissions for fiscal year 2023, it is anticipated that the Company will meet the aforementioned threshold and be required to pay carbon fees for fiscal year 2024. However, the above-mentioned regulations are still in the announcement stage, and the carbon fee rates have not been announced. Therefore, the Company is unable to reasonably estimate the impact of carbon fees at this time.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency of the entities in Group and the related exchange rates between foreign currencies and functional currency were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 47	32.00 (USD:NTD)	\$ 1,495
RMB	1,735	4.4080 (RMB NTD)	7,647

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 47	30.705 (USD:NTD)	\$ 1,435
RMB	1,735	4.3270 (RMB:NTD)	7,507

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 27	30.45 (USD:NTD)	\$ 824
RMB	1,709	4.4310 (RMB NTD)	7,574

Foreign exchange losses (realized or unrealized) of the Group in the three months ended March 31, 2024 and 2023 are respectively gains of \$140 thousand and losses of \$65 thousand. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)

- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions (Table 7)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None
 - 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:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The reportable segments are as follows:

Cement segment: Producing and selling business for products related to cement.

Other segments: Other operations of non-cement business.

a. Segment revenue and operating results

The Group's revenue and operating results analyzed by the operating segments were as follows:

	Income of Segments		Profit/Loss of Segments	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2024	2023	2024	2023
Cement segment	\$ 1,192,939	\$ 1,092,636	\$ 163,041	\$ 149,108
Other segments	<u>29</u>	<u>29</u>	<u>(1,493)</u>	<u>(3,760)</u>
Total from operations	<u>\$ 1,192,968</u>	<u>\$ 1,092,665</u>	161,548	145,348
Interest income			744	646
Other income			5,371	10,269
Other interests and losses			(1,707)	15,084
Financial cost			<u>(12,682)</u>	<u>(15,151)</u>
Profit before income tax			<u>\$ 153,274</u>	<u>\$ 156,196</u>

The segment revenue reported above is all generated from transactions with external customers. There was no cross selling between segments for the three months ended March 31, 2024 and 2023.

The revenue of segments means the profits earned by each segment, excluding interest income which shall be apportioned, other income, other interests and losses and financial cost.

b. Total assets and liabilities of segments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Segment assets</u>			
Operating segment			
Cement segment	\$ 6,316,306	\$ 6,406,760	\$ 6,051,395
Other segments	<u>3,563,395</u>	<u>3,563,113</u>	<u>3,645,912</u>
Total assets	<u>\$ 9,879,701</u>	<u>\$ 9,969,873</u>	<u>\$ 9,697,307</u>
<u>Segment liabilities</u>			
Operating segment			
Cement segment	\$ 4,142,081	\$ 4,028,281	\$ 4,124,385
Other segments	<u>956,697</u>	<u>870,767</u>	<u>862,711</u>
Total liabilities	<u>\$ 5,098,778</u>	<u>\$ 4,899,048</u>	<u>\$ 4,987,096</u>

TABLE 1

LUCKY CEMENT CO. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Highest Balance for the Period	Related Party	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	\$ 200,000	Yes	<u>\$ 200,000</u>	\$ 40,000	2.2267	b	\$ -	Operating turnover	\$ -	-	-	\$ 478,086	\$ 1,912,342

Note 1: The nature of financing is as follows:

- a. Party with business.
- b. Party with short-term financing need.

Note 2: Financing of Lucky Cement Co. to a more than 50% owned subsidiary should not be more than 10% of the net value of Lucky Cement Co. at end of period; For a subsidiary that is 20% to 50% owned, loan should not be more than 5% of the net value of Lucky Cement Co. at end of period; for less than 20% owned subsidiary, loan should not be more than 2% of the net value of Lucky Cement Co. at end of period.

Note 3: The limit is 40% of net value of the financing company at end of the period.

Note 4: The amount is approved by the board of directors.

Note 5: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 2

LUCKY CEMENT CO. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	\$ 1,912,342	\$ 580,000	\$ 580,000	\$ 250,000	\$ -	12.13	\$ 2,390,428	Y	-	-	
		Luckicon	Subsidiary	1,912,342	1,320,000	1,320,000	754,000	-	27.61	2,390,428	Y	-	-	
		Ready-mixed Co. Lucky Cement Japan,	Subsidiary	1,912,342	6,360	6,345 <u>\$ 1,906,345</u>	-	-	0.13	2,390,428	Y	-	-	

Note 1: The upper limit that Lucky Cement Co. endorses for single company shall not exceed 10% of the net value of Lucky Cement Co. and shall not exceed 40% of the net value of subsidiary.

Note 2: The endorsement approved in the meeting of shareholders shall not exceed 50% of the net value of Lucky Cement Co.

TABLE 3

LUCKY CEMENT CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	<u>Mutual fund</u>							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	\$ 802	-	\$ 802	
	Yuanta Japan Leaders Equity Fund	-	Financial assets at FVTPL - current	511,248	5,951	-	5,951	
	Taishin Flexible Income Fund	-	Financial assets at FVTPL - current	500,000	5,131	-	5,131	
	<u>Non-listed ordinary shares</u>							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,494,708	10,179	10.58	10,179	
	<u>Listed ordinary shares</u>							
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - current	335,640	10,791	-	10,791	
	Formosa Plastics Corporation	-	Financial assets at FVTOCI - current	400,000	27,560	0.01	27,560	
	Yang Ming Marine Transport Corp.	-	Financial assets at FVTOCI - current	400,000	17,760	0.01	17,760	
	Asia Cement Corporation	-	Financial assets at FVTOCI - current	165,000	6,814	-	6,814	
	Evergreen Marine Corporation (Taiwan) Ltd.	-	Financial assets at FVTOCI - current	100,000	17,200	-	17,200	
	Far Eastern New Century Corporation	-	Financial assets at FVTOCI - current	200,000	6,650	-	6,650	
	U-Ming Marine Transport Corporation	-	Financial assets at FVTOCI - current	78,000	4,134	0.01	4,134	
	Winbond Electronics Corporation	-	Financial assets at FVTOCI - current	130,181	3,541	-	3,541	
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	72,351	3,777	-	3,777	
	Medigen Biotechnology Corp.	-	Financial assets at FVTOCI - current	28,628	1,115	0.02	1,115	
	Sanitar Co., Ltd.	-	Financial assets at FVTOCI - current	24,000	898	0.03	898	
	China Development Financial Holding Corporation	-	Financial assets at FVTOCI - current	13,496	188	-	188	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	972	27	-	27	
	Capital Securities Corp.	-	Financial assets at FVTOCI - current	875	17	-	17	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	472	11	-	11	
Luckyship Co.	<u>Non-listed ordinary shares</u>							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	49,006	334	0.35	334	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds at end of March 2024.

Note 2: Financial assets at FVTOCI: Fair value of listed shares is based on their closing price at end of March 2024. Fair value of non-listed shares is estimated by the fair value method.

Note 3: Please refer to Table 6 for information regarding subsidiaries.

TABLE 4

LUCKY CEMENT CO. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable			Note
			Purchases/ Sales	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Credit Period	Ending Balance		% to Total (Note 1)	
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Sale	\$ (117,681)	(13.41)	About 90 days	Similar to general transactions	Similar to general transactions	Accounts receivable	\$ 50,359	8.60	Note 2
									Notes receivable	73,776	12.59	Note 2

Note 1: The rate is calculated in accordance with individual financial statements of each company.

Note 2: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 5

LUCKY CEMENT CO. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note 2)	Turnover Rate (Note 1)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Notes receivable and accounts	\$ 124,135	4.15	\$ -	-	\$ 56,350	\$ -
			Other receivable	140	-	-	-	140	-

Note 1: Calculated based on each company’s financial information.

Note 2: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 6

LUCKY CEMENT CO. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 3)		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Lucky Cement Co.	Dasheng Enterprise	14F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Sale and lease of real estate	\$ 2,367,473	\$ 2,367,473	171,452,511	99.99	\$ 2,548,912	\$ (5,007)	\$ (5,007)	Note 1
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Manufacturing and trading of ready-mixed concrete	350,000	350,000	57,340,000	100.00	963,450	39,766	39,778 (Note 4)	Note 1
	Lucky Cement Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	(4,193)	(11,444)	(11,444)	Note 2
	Luckyship Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	2,000,000	100.00	17,615	(514)	(512) (Note 5)	Note 2
Luckicon Ready-mixed Co.	Fuyu Development Co., Ltd.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	On land clay and stone quarrying	12,571	12,571	1,000,000	100.00	10,222	2,180	2,180	Note 1

Note 1: The amounts were calculated based on the reviewed financial statements.

Note 2: The amounts were calculated based on the financial statements that were not reviewed.

Note 3: The original investment amount shown is the amount prior to capital reduction to make up for the losses.

Note 4: The difference is transactions realized gain of \$12 thousand.

Note 5: The difference is transactions unrealized gain of \$2 thousand.

Note 6: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 7

LUCKY CEMENT CO. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars)**

No	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Lucky Cement Co.	Luckicon Ready-mixed Co.	a.	Notes receivable	\$ 73,776	About 90 days	0.75
		Luckicon Ready-mixed Co.	a.	Accounts receivable	50,359	About 90 days	0.51
		Luckicon Ready-mixed Co.	a.	Other receivables	140	About 90 days	-
		Luckicon Ready-mixed Co.	a.	Contract liabilities	13,141	About 90 days	0.13
		Luckicon Ready-mixed Co.	a.	Sales	117,681	About 90 days	9.86
		Luckicon Ready-mixed Co.	a.	Rental income	381	30 days	0.03
		Fuyu Development Co., Ltd.	a.	Other receivables	4	About 90 days	-
		Fuyu Development Co., Ltd.	a.	Notes payable	121	About 90 days	-
		Fuyu Development Co., Ltd.	a.	Other payables	448	About 90 days	-
		Fuyu Development Co., Ltd.	a.	Cost of sales	509	About 90 days	0.04
		Fuyu Development Co., Ltd.	a.	Rental income	2,438	30 days	0.20
		Fuyu Development Co., Ltd.	a.	Other income	300	30 days	0.03
		Luckyship Co.	a.	Other receivables	2	About 90 days	-
		Luckyship Co.	a.	Rental income	69	30 days	0.01
		Dasheng Enterprise	a.	Other receivables - financing	40,000	Financing, the repayment period is one year	0.40
		Dasheng Enterprise	a.	Other receivables	103	About 90 days	-
		Dasheng Enterprise	a.	Rental income	23	30 days	-
		Dasheng Enterprise	a.	Interest income	542	30 days	0.05

Note 1: The flow of transactions is as follows:

- a. From the parent to the subsidiary.
- b. From the subsidiary to the parent.
- c. From the subsidiary to the subsidiary.

Note 2: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 8**LUCKY CEMENT CO.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
East Life Biotech Co.	30,378,008	7.50
Jinli Investment Co.	25,230,451	6.23
RI KON Construction Co.	22,658,066	5.59
Yung-Sheng Development Enterprise Co.	22,514,509	5.56
Lucky Construction Co.	22,091,152	5.45

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 consolidated 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 a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor 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.