

Lucky Cement Co. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 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 referred to as the “Group”) as of March 31, 2022 and 2021, 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 a summary of significant accounting policies. 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 Statement of Auditing Standards No. 65 “Review of 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, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT\$47,823 thousand and NT\$92,091 thousand, respectively, both representing 1%, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$4,006 thousand and NT\$23,291 thousand, respectively, representing 0% and 1%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2022 and 2021, the amounts of combined comprehensive loss of these subsidiaries were NT\$1,198 thousand and NT\$250 thousand, respectively, representing (2%) and 0%.

Qualified Conclusion

Based on our reviews, except for the 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 give a true and fair view of the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 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’ reviews report are Chao-Mei Chen and Chiang-Shiun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 2022

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 accepted and 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, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 259,876	3	\$ 220,238	3	\$ 267,806	3
Financial assets at fair value through profit or loss - current (Note 7)	67,654	1	44,932	1	11,236	-
Financial assets at fair value through other comprehensive income - current (Note 8)	99,994	1	73,319	1	56,181	1
Financial assets at amortized cost - current (Notes 9 and 32)	123,724	2	111,953	1	93,600	1
Notes receivable (Notes 10, 24 and 32)	347,304	4	297,280	4	481,924	6
Notes receivable from related parties (Notes 24 and 31)	-	-	6,571	-	-	-
Accounts receivable (Notes 10 and 24)	389,924	5	418,395	5	533,622	7
Accounts receivable from related parties (Notes 24 and 31)	8,119	-	3,250	-	7,926	-
Other receivables (Note 10)	1,865	-	2,613	-	943	-
Other receivables from related parties (Note 31)	121	-	247	-	83	-
Inventories (Notes 11 and 32)	3,607,797	45	3,676,472	46	3,500,841	44
Prepayments (Note 13)	277,405	3	233,445	3	171,912	2
Other current assets (Note 14)	<u>23,954</u>	<u>-</u>	<u>29,292</u>	<u>-</u>	<u>23,306</u>	<u>-</u>
Total current assets	<u>5,207,737</u>	<u>64</u>	<u>5,118,007</u>	<u>64</u>	<u>5,149,380</u>	<u>64</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	-	-	-	-	8,751	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	9,368	-	11,038	-	10,983	-
Financial assets at amortized cost - non-current (Notes 9 and 32)	179,126	2	202,326	2	209,116	3
Property, plant and equipment (Notes 15 and 32)	2,304,904	29	2,302,034	29	2,223,389	28
Right-of-use assets (Note 16)	141,828	2	155,588	2	124,516	2
Deferred tax assets (Note 4)	64,425	1	75,217	1	121,764	2
Refundable deposits	19,405	-	18,427	-	19,448	-
Other non-current assets (Note 17)	<u>173,335</u>	<u>2</u>	<u>159,073</u>	<u>2</u>	<u>120,694</u>	<u>1</u>
Total non-current assets	<u>2,892,391</u>	<u>36</u>	<u>2,923,703</u>	<u>36</u>	<u>2,838,661</u>	<u>36</u>
TOTAL	<u>\$ 8,100,128</u>	<u>100</u>	<u>\$ 8,041,710</u>	<u>100</u>	<u>\$ 7,988,041</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 32)	\$ 909,905	11	\$ 928,359	12	\$ 442,885	6
Short-term bills payable (Notes 18 and 32)	409,562	5	404,424	5	189,673	2
Contract liabilities (Note 24)	488,002	6	190,789	2	350,156	4
Notes payable (Note 19)	227,549	3	214,743	3	277,831	4
Notes payable to related parties (Notes 19 and 31)	5,903	-	43,148	1	31,247	-
Accounts payable (Note 19)	123,009	2	123,370	1	172,091	2
Accounts payable to related parties (Notes 19 and 31)	15,754	-	2,046	-	30,430	-
Other payables (Note 20)	356,488	4	138,507	2	427,444	5
Other payables to related parties (Note 31)	1,768	-	2,511	-	53,536	1
Current tax liabilities	21,640	-	17,477	-	66,500	1
Lease liabilities - current (Note 16)	48,424	1	51,476	1	45,581	1
Current portion of long-term borrowings (Notes 18 and 32)	682,000	9	914,000	11	460,000	6
Other current liabilities	<u>1,719</u>	<u>-</u>	<u>1,537</u>	<u>-</u>	<u>2,867</u>	<u>-</u>
Total current liabilities	<u>3,291,723</u>	<u>41</u>	<u>3,032,387</u>	<u>38</u>	<u>2,550,241</u>	<u>32</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 32)	120,000	1	120,000	2	790,000	10
Deferred tax liabilities (Note 4)	23,206	-	23,818	-	18,957	-
Lease liabilities - non-current (Note 16)	94,457	1	105,376	1	79,373	1
Other payables to related parties (Note 31)	40,000	1	45,800	1	45,800	1
Net defined benefit liabilities (Note 4)	34,595	-	34,745	-	36,723	-
Guarantee deposits received	<u>40,373</u>	<u>1</u>	<u>34,010</u>	<u>-</u>	<u>32,873</u>	<u>-</u>
Total non-current liabilities	<u>352,631</u>	<u>4</u>	<u>363,749</u>	<u>4</u>	<u>1,003,726</u>	<u>12</u>
Total liabilities	<u>3,644,354</u>	<u>45</u>	<u>3,396,136</u>	<u>42</u>	<u>3,553,967</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Share capital						
Ordinary shares	<u>4,047,380</u>	<u>50</u>	<u>4,047,380</u>	<u>50</u>	<u>4,047,380</u>	<u>51</u>
Capital surplus	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>9</u>	<u>-</u>
Retained earnings						
Legal reserve	238,244	3	210,524	3	210,524	3
Special reserve	14,908	-	14,135	-	14,135	-
Unappropriated earnings	<u>159,980</u>	<u>2</u>	<u>374,225</u>	<u>5</u>	<u>155,120</u>	<u>2</u>
Total retained earnings	<u>413,132</u>	<u>5</u>	<u>598,884</u>	<u>8</u>	<u>379,779</u>	<u>5</u>
Other equity	<u>(4,821)</u>	<u>-</u>	<u>(773)</u>	<u>-</u>	<u>6,832</u>	<u>-</u>
Total equity attributable to owners of the Company	4,455,709	55	4,645,509	58	4,434,000	56
NON-CONTROLLING INTERESTS	<u>65</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>74</u>	<u>-</u>
Total equity	<u>4,455,774</u>	<u>55</u>	<u>4,645,574</u>	<u>58</u>	<u>4,434,074</u>	<u>56</u>
TOTAL	<u>\$ 8,100,128</u>	<u>100</u>	<u>\$ 8,041,710</u>	<u>100</u>	<u>\$ 7,988,041</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 10, 2022)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)				
Sales	\$ 881,938	100	\$ 1,047,110	100
Less: Discounts and allowances	<u>1,027</u>	<u>-</u>	<u>1,157</u>	<u>-</u>
Total operating revenue	880,911	100	1,045,953	100
OPERATING COSTS (Notes 11, 25 and 31)	<u>739,503</u>	<u>84</u>	<u>906,447</u>	<u>87</u>
GROSS PROFIT	<u>141,408</u>	<u>16</u>	<u>139,506</u>	<u>13</u>
OPERATING EXPENSES (Notes 10, 25 and 31)				
Selling and marketing expenses	25,044	3	29,001	3
General and administrative expenses	28,959	3	29,014	3
Expected credit loss	<u>1,656</u>	<u>-</u>	<u>4,608</u>	<u>-</u>
Total operating expenses	<u>55,659</u>	<u>6</u>	<u>62,623</u>	<u>6</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>(147)</u>	<u>-</u>	<u>132</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>85,602</u>	<u>10</u>	<u>77,015</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)				
Interest income	336	-	397	-
Rental income	2,159	-	2,272	-
Other income	444	-	594	-
Foreign exchange (loss) gain	(3,016)	-	571	-
Fair value changes of financial assets	(4,697)	(1)	(43)	-
Other losses	(1,528)	-	(1,753)	-
Interest expense	<u>(8,983)</u>	<u>(1)</u>	<u>(7,843)</u>	<u>-</u>
Total non-operating income and expenses	<u>(15,285)</u>	<u>(2)</u>	<u>(5,805)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	70,317	8	71,210	7
INCOME TAX BENEFIT (Notes 4 and 26)	<u>(15,432)</u>	<u>(2)</u>	<u>(16,784)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>54,885</u>	<u>6</u>	<u>54,426</u>	<u>5</u>

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (1,429)	-	\$ 7,735	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(413)	-	(1,669)	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>(1,842)</u>	<u>-</u>	<u>6,046</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 53,043</u>	<u>6</u>	<u>\$ 60,472</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 54,885	6	\$ 54,426	5
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 54,885</u>	<u>6</u>	<u>\$ 54,426</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Company	\$ 53,043	6	\$ 60,472	6
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 53,043</u>	<u>6</u>	<u>\$ 60,472</u>	<u>6</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 0.14</u>		<u>\$ 0.13</u>	
Diluted	<u>\$ 0.14</u>		<u>\$ 0.13</u>	

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

(With Deloitte & Touche auditors' review report dated May 10, 2022)

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	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 Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2021	\$ 4,047,380	\$ 9	\$ 170,899	\$ 14,135	\$ 419,967	\$ 7,475	\$ (3,020)	\$ 4,656,845	\$ 74	\$ 4,656,919
Appropriation of 2020 earnings										
Legal reserve	-	-	39,625	-	(39,625)	-	-	-	-	-
Cash dividend to shareholders - NT\$0.70 per share	-	-	-	-	(283,317)	-	-	(283,317)	-	(283,317)
Net profit for the three months ended March 31, 2021	-	-	-	-	54,426	-	-	54,426	-	54,426
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	(1,669)	7,715	6,046	-	6,046
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	54,426	(1,669)	7,715	60,472	-	60,472
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 23)	-	-	-	-	3,669	-	(3,669)	-	-	-
BALANCE AT MARCH 31, 2021	\$ 4,047,380	\$ 9	\$ 210,524	\$ 14,135	\$ 155,120	\$ 5,806	\$ 1,026	\$ 4,434,000	\$ 74	\$ 4,434,074
BALANCE AT JANUARY 1, 2022	\$ 4,047,380	\$ 18	\$ 210,524	\$ 14,135	\$ 374,225	\$ 4,368	\$ (5,141)	\$ 4,645,509	\$ 65	\$ 4,645,574
Appropriation of 2021 earnings										
Legal reserve	-	-	27,720	-	(27,720)	-	-	-	-	-
Cash dividend to shareholders - NT\$0.60 per share	-	-	-	-	(242,843)	-	-	(242,843)	-	(242,843)
Special reserve	-	-	-	773	(773)	-	-	-	-	-
Net profit for the three months ended March 31, 2022	-	-	-	-	54,885	-	-	54,885	-	54,885
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	(413)	(1,429)	(1,842)	-	(1,842)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	54,885	(413)	(1,429)	53,043	-	53,043
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 23)	-	-	-	-	2,206	-	(2,206)	-	-	-
BALANCE AT MARCH 31, 2022	\$ 4,047,380	\$ 18	\$ 238,244	\$ 14,908	\$ 159,980	\$ 3,955	\$ (8,776)	\$ 4,455,709	\$ 65	\$ 4,455,774

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

(With Deloitte & Touche auditors' review report dated May 10, 2022)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 70,317	\$ 71,210
Adjustments for:		
Depreciation expense	37,267	40,116
Amortization and depletion expense	4,005	3,616
Expected credit loss recognized on trade receivables	1,656	4,608
Net loss on fair value changes of financial assets at fair value through profit or loss	4,697	43
Interest expense	8,983	7,843
Interest income	(336)	(397)
Loss (gain) on disposal of property, plant and equipment	147	(132)
Inventory write-downs	202	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(27,419)	-
Notes receivable	(50,024)	92,034
Notes receivable from related parties	6,571	235
Accounts receivable	26,815	(45,234)
Accounts receivable from related parties	(4,869)	(2,162)
Other receivables	780	(59)
Other receivables from related parties	126	230
Inventories	68,473	44,745
Prepayments	(43,960)	(11,254)
Other current assets	5,338	(572)
Other non-current assets	(1)	(3)
Contract liabilities	297,213	17,061
Notes payable	12,806	(67,496)
Notes payable to related parties	(37,245)	(349)
Accounts payable	(361)	(69,829)
Accounts payable to related parties	13,708	10,424
Other payables	(25,068)	(51,735)
Other payables to related parties	(694)	(4,787)
Other current liabilities	182	1,359
Net defined benefit liabilities	(150)	(75)
Cash generated from operations	369,159	39,440
Interest received	304	320
Interest paid	(8,688)	(7,900)
Income tax paid	(1,089)	(61)
Net cash generated from operating activities	359,686	31,799

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (42,861)	\$ (64,257)
Proceeds from sale of financial assets at fair value through other comprehensive income (Note 28)	16,427	61,550
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	5,202
Purchase of financial assets at amortized cost	-	(37,319)
Proceeds from sale of financial assets at amortized cost	11,429	-
Payments for property, plant and equipment	(38,832)	(37,496)
Proceeds from disposal of property, plant and equipment	2,500	1,302
Increase in refundable deposits	(978)	-
Decrease in refundable deposits	-	1,132
Increase in other non-current assets	(8,548)	(14,849)
Other dividends received	-	621
Net cash used in investing activities	<u>(60,863)</u>	<u>(84,114)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	122,885
Decrease in short-term borrowings	(18,454)	-
Increase in short-term bills payable	5,000	-
Repayments of long-term borrowings	(232,000)	(80,000)
Increase in guarantee deposits received	6,363	169
Decrease in notes payable to related parties	-	(8,000)
Decrease in other payables to related parties	(5,800)	(20,000)
Repayment of the principal portion of lease liabilities	<u>(13,971)</u>	<u>(14,198)</u>
Net cash (used in) generated from financing activities	<u>(258,862)</u>	<u>856</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(323)</u>	<u>(1,270)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,638	(52,729)
CASH AT THE BEGINNING OF THE PERIOD	<u>220,238</u>	<u>320,535</u>
CASH AT THE END OF THE PERIOD	<u>\$ 259,876</u>	<u>\$ 267,806</u>

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

(With Deloitte & Touche auditors' review report dated May 10, 2022)

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 10, 2022.

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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	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
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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, which 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 an unconditional right to defer settlement for at least twelve 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.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer Note 12 and Note 36, Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

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) Taxation

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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The Group did not have critical accounting judgments and key sources of estimation uncertainty that need to be reported.

6. CASH

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and revolving funds	\$ 1,343	\$ 1,334	\$ 1,483
Checking accounts and demand deposits	250,827	205,848	265,357
Foreign currency demand deposits	<u>7,706</u>	<u>13,056</u>	<u>966</u>
	<u>\$ 259,876</u>	<u>\$ 220,238</u>	<u>\$ 267,806</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Financial assets mandatorily classified as at FVTPL - mutual funds	<u>\$ 67,654</u>	<u>\$ 44,932</u>	<u>\$ 11,236</u>
<u>Non-current</u>			
Financial assets mandatorily classified as at FVTPL - mutual funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,751</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 of ownership of real estate allocated to the Group in the amount of \$18,874 thousand has not been completed, it was recorded as other non-current assets - prepayments for investment property.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Investments in equity instruments	\$ 99,994	\$ 73,319	\$ 50,280
Investments in debt instruments	<u>-</u>	<u>-</u>	<u>5,901</u>
	<u>\$ 99,994</u>	<u>\$ 73,319</u>	<u>\$ 56,181</u>

Non-current

Investments in equity instruments	<u>\$ 9,368</u>	<u>\$ 11,038</u>	<u>\$ 10,983</u>
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a. Investments in equity instruments at FVTOCI

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Domestic investments - ordinary shares	<u>\$ 99,994</u>	<u>\$ 73,319</u>	<u>\$ 50,280</u>
<u>Non-current</u>			
Domestic investments - ordinary shares	<u>\$ 9,368</u>	<u>\$ 11,038</u>	<u>\$ 10,983</u>

The aforementioned information for investments, please refer to Note 36, Table 3 “Marketable Securities Held”.

For other relevant information on financial assets measured at FVTOCI, please refer to Note 23 (e) and Note 30.

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.

For the three months ended March 31, 2022 and 2021, the Group disposed of partial common stock at fair value of \$16,427 thousand and \$48,734 thousand, respectively, and related other equity - unrealized valuation gains on financial assets at fair value through other comprehensive income of \$2,206 thousand and \$3,669 thousand were transferred to retained earnings, respectively.

For the three months ended March 31, 2021, the Group recognized a capital reduction refunded of investee of \$5,202 thousand at fair value through other comprehensive income.

b. Investments in debt instruments at FVTOCI

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Bond investments	\$ -	\$ -	\$ 5,901

On March 31, 2021, the bonds held by the Group have a coupon rate of 3.375%.

The bond issuer implemented an early repurchase of bonds in October 2021.

For credit risk management of investment in debt instruments, the Group invests only in debt instruments with low credit risk after impairment assessments. The Group's current credit risk grading mechanism is as follows:

<u>Category</u>	<u>Description</u>	<u>Basis for Recognizing Expected Credit Losses (ECLs)</u>
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group assesses that the debtor's credit risk is low and that it has sufficient ability to pay off the contractual cash flows. As of March 31, 2021, there was no expected credit loss for investment in debt instruments.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Time deposits with original maturities of more than 3 months (a)	\$ 7,544	\$ 7,273	\$ 7,100
Restricted assets (b)	<u>116,180</u>	<u>104,680</u>	<u>86,500</u>
	<u>\$ 123,724</u>	<u>\$ 111,953</u>	<u>\$ 93,600</u>
<u>Non-current</u>			
Restricted assets (c)	<u>\$ 179,126</u>	<u>\$ 202,326</u>	<u>\$ 209,116</u>

- a. The interest rates of time deposits with original maturities of more than 3 months were approximately 2.30%, 2.30% and 2.35% per annum as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

- b. The restricted assets - current are savings deposits and certificate of deposit that are provided as guarantees for bank loan; market interest rate ranges were approximately 0.02%-0.56%, 0.01%-0.56% and 0.02%-0.56% per annum as of March 31, 2022, December 31, 2021 and March 31, 2021, 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 0.10%-0.82%, 0.10%-0.82% and 0.07%-0.94% per annum as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- d. Please refer to Note 32 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, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 347,304	\$ 297,280	\$ 481,924
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 410,523	\$ 437,338	\$ 553,433
Less: Allowance for impairment loss	(20,599)	(18,943)	(19,811)
	\$ 389,924	\$ 418,395	\$ 533,622
<u>Other receivables</u>			
Sale of securities (Note 28)	\$ 624	\$ 624	\$ -
Others	1,241	1,989	943
	\$ 1,865	\$ 2,613	\$ 943
<u>Overdue receivables</u>			
Overdue	\$ 28,743	\$ 28,743	\$ 28,743
Less: Allowance for impairment loss	(28,743)	(28,743)	(28,743)
	\$ -	\$ -	\$ -

a. Notes receivable

The average credit period of sales of goods 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. The Group recognizes 100% allowance for impairment loss if notes receivable become overdue.

Notes receivable of the Group are not overdue as of the balance sheet date.

Please refer to Note 32 for information relating to trade receivables pledged as security.

b. Trade receivables

The average credit period of sales of goods 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, 2022

	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%-0.69%	8.90%	15.60%	22.03%-71.86%	100%	100%	
Gross carrying amount	\$ 375,262	\$ 5,720	\$ 11,870	\$ 2,212	\$ 8,505	\$ 35,697	\$ 439,266
Loss allowance (Lifetime ECLs)	(1,861)	(509)	(1,851)	(919)	(8,505)	(35,697)	(49,342)
Amortized cost	<u>\$ 373,401</u>	<u>\$ 5,211</u>	<u>\$ 10,019</u>	<u>\$ 1,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,924</u>

December 31, 2021

	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%-0.69%	8.90%	15.60%	22.03%-71.86%	100%	100%	
Gross carrying amount	\$ 406,784	\$ 6,172	\$ 7,909	\$ 2,896	\$ 6,621	\$ 35,699	\$ 466,081
Loss allowance (Lifetime ECLs)	(2,009)	(548)	(1,234)	(1,575)	(6,621)	(35,699)	(47,686)
Amortized cost	<u>\$ 404,775</u>	<u>\$ 5,624</u>	<u>\$ 6,675</u>	<u>\$ 1,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,395</u>

March 31, 2021

	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%-0.19%	4.90%	7.85%	14.32%-58.86%	100%	100%	
Gross carrying amount	\$ 505,556	\$ 8,369	\$ 2,128	\$ 24,828	\$ 5,598	\$ 35,697	\$ 582,176
Loss allowance (Lifetime ECLs)	<u>(810)</u>	<u>(411)</u>	<u>(167)</u>	<u>(5,871)</u>	<u>(5,598)</u>	<u>(35,697)</u>	<u>(48,554)</u>
Amortized cost	<u>\$ 504,746</u>	<u>\$ 7,958</u>	<u>\$ 1,961</u>	<u>\$ 18,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,622</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 47,686	\$ 43,946
Add: Net remeasurement of loss allowance	<u>1,656</u>	<u>4,608</u>
Balance at March 31	<u>\$ 49,342</u>	<u>\$ 48,554</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, 2022, December 31, 2021 and March 31, 2021, the expected credit loss rate of other receivables was 0% consistently.

11. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Real estate under development and real estate to be developed	\$ 3,196,267	\$ 3,184,345	\$ 3,155,262
Raw materials	151,321	271,725	182,115
Finished goods	126,157	98,289	91,294
Work in progress	46,855	44,096	21,166
Supplies and spare parts	79,373	71,399	42,277
Merchandise	<u>7,824</u>	<u>6,618</u>	<u>8,727</u>
	<u>\$ 3,607,797</u>	<u>\$ 3,676,472</u>	<u>\$ 3,500,841</u>

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

	For the Three Months Ended March 31	
	2022	2021
Cost of inventories sold	\$ 739,301	\$ 906,447
Inventory write-downs	<u>202</u>	<u>-</u>
	<u>\$ 739,503</u>	<u>\$ 906,447</u>

The inventories pledged as collateral for bank borrowings are set out in Note 32.

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 (%)			Explanation
			March 31, 2022	December 31, 2021	March 31, 2021	
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	a.
	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	99.99	b.
	Just Bright Ltd.	Investment business.	-	-	100.00	c.
Luckicon Ready-mixed Co.	Fuyu Development Co., Ltd.	Earth and stone.	100.00	100.00	100.00	

Notes:

- Dasheng Enterprise implemented a capital reduction to cover losses of \$200,000 thousand on August 19, 2021, and increased its capital by \$200,000 thousand on August 20, 2021. After the capital increase, the Company's shareholding in Dasheng Enterprise increased. Dasheng Enterprise recognized the difference between the consideration and the adjusted carrying amount of non-controlling interests of \$9 thousand under capital surplus.
- Luckyship Co. implemented a capital reduction to cover losses of \$65,000 thousand on November 30, 2021. Due to the surrender of shares by non-controlling interests, the Company's shareholding in Luckyship Co. increased from 99.99% to 100%.
- The Company's board of directors resolved in its meeting on December 27, 2019 to go out of business of its subsidiary, Just Bright Ltd., and the procedure was completed in May 2021.

For the three months ended March 31, 2022 and 2021, except for Luckicon Ready-mixed Co. and Dasheng Enterprise, 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, 2022 and 2021, the combined total assets of these non-significant subsidiaries were \$47,823 thousand and \$92,091 thousand, respectively, both representing 1% of the consolidated total assets; and combined total liabilities of these subsidiaries were \$4,006 thousand and \$23,291 thousand, respectively, representing 0% and 1%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2022 and 2021, the amounts of combined comprehensive loss of these subsidiaries were \$1,198 thousand and \$250 thousand, respectively, representing (2%) and 0%, respectively, of the consolidated total comprehensive income.

13. PREPAYMENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for land purchases	\$ 119,595	\$ 69,350	\$ -
Prepaid expenses	77,410	89,857	62,217
Office supplies	66,051	72,853	106,910
Prepaid purchase materials	13,430	1,032	2,062
Others	<u>919</u>	<u>353</u>	<u>723</u>
	<u>\$ 277,405</u>	<u>\$ 233,445</u>	<u>\$ 171,912</u>

14. OTHER CURRENT ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Offset against business tax payable	\$ 23,954	\$ 29,291	\$ 23,306
Others	<u>-</u>	<u>1</u>	<u>-</u>
	<u>\$ 23,954</u>	<u>\$ 29,292</u>	<u>\$ 23,306</u>

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 1,652,873	\$ 2,211,887	\$ 5,591,122	\$ 1,106,961	\$ 862,793	\$ 362,750	\$ 11,788,386
Additions	-	-	9,118	-	19,676	320	29,114
Disposals	-	-	(105)	-	(10,639)	-	(10,744)
Net exchange difference	-	(1,638)	(212)	-	(6)	(8)	(1,864)
Balance at March 31, 2022	<u>1,652,873</u>	<u>2,210,249</u>	<u>5,599,923</u>	<u>1,106,961</u>	<u>871,824</u>	<u>363,062</u>	<u>11,804,892</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	-	1,929,507	5,498,399	1,098,091	617,946	342,409	9,486,352
Depreciation expenses	-	10,275	4,277	922	5,725	2,308	23,507
Disposals	-	-	(105)	-	(7,992)	-	(8,097)
Net exchange difference	-	(1,581)	(179)	-	(6)	(8)	(1,774)
Balance at March 31, 2022	-	<u>1,938,201</u>	<u>5,502,392</u>	<u>1,099,013</u>	<u>615,673</u>	<u>344,709</u>	<u>9,499,988</u>
Carrying amount at March 31, 2022	<u>\$ 1,652,873</u>	<u>\$ 272,048</u>	<u>\$ 97,531</u>	<u>\$ 7,948</u>	<u>\$ 256,151</u>	<u>\$ 18,353</u>	<u>\$ 2,304,904</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 1,652,873</u>	<u>\$ 282,380</u>	<u>\$ 92,723</u>	<u>\$ 8,870</u>	<u>\$ 244,847</u>	<u>\$ 20,341</u>	<u>\$ 2,302,034</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 1,650,349	\$ 2,290,846	\$ 6,097,312	\$ 1,196,322	\$ 877,182	\$ 517,173	\$ 12,629,184
Additions	1,076	-	2,931	-	22,056	-	26,063
Disposals	-	-	-	-	(17,930)	-	(17,930)
Net exchange difference	-	(5,861)	(757)	-	(20)	(30)	(6,668)
Balance at March 31, 2021	<u>1,651,425</u>	<u>2,284,985</u>	<u>6,099,486</u>	<u>1,196,322</u>	<u>881,288</u>	<u>517,143</u>	<u>12,630,649</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Accumulated depreciation and impairment							
Balance at January 1, 2021	\$ -	\$ 1,965,873	\$ 6,004,617	\$ 1,183,518	\$ 756,261	\$ 495,028	\$ 10,405,297
Depreciation expenses	-	10,799	3,826	1,021	8,338	2,178	26,162
Disposals	-	-	-	-	(17,930)	-	(17,930)
Net exchange difference	-	(5,585)	(635)	-	(20)	(29)	(6,269)
Balance at March 31, 2021	-	<u>1,971,087</u>	<u>6,007,808</u>	<u>1,184,539</u>	<u>746,649</u>	<u>497,177</u>	<u>10,407,260</u>
Carrying amount at March 31, 2021	<u>\$ 1,651,425</u>	<u>\$ 313,898</u>	<u>\$ 91,678</u>	<u>\$ 11,783</u>	<u>\$ 134,639</u>	<u>\$ 19,966</u>	<u>\$ 2,223,389</u>

(Concluded)

- a. 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.
- b. 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	35-55 years
Electrical power equipment	10-15 years
Engineering system	3-5 years
Machinery and equipment	2-10 years
Electrical equipment	5-15 years
Transportation equipment	3-15 years
Office equipment	3-10 years

- c. No impairment assessment was performed for the three months ended March 31, 2022 and 2021 as there was no indication of impairment.
- d. Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 32.

16. LEASE ARRANGEMENTS

- a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount			
Land	\$ 9,716	\$ 12,480	\$ 18,295
Buildings	131,638	142,491	105,178
Transportation equipment	<u>474</u>	<u>617</u>	<u>1,043</u>
	<u>\$ 141,828</u>	<u>\$ 155,588</u>	<u>\$ 124,516</u>

	For the Three Months Ended March 31	
	2022	2021
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>58,910</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,764	\$ 2,765
Buildings	10,853	10,936
Transportation equipment	<u>143</u>	<u>253</u>
	\$ <u>13,760</u>	\$ <u>13,954</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, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Current	\$ <u>48,424</u>	\$ <u>51,476</u>	\$ <u>45,581</u>
Non-current	\$ <u>94,457</u>	\$ <u>105,376</u>	\$ <u>79,373</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.50%-1.68%	1.50%-1.68%	1.50%-1.68%
Buildings	1.50%-1.60%	1.50%-1.60%	1.50%-1.55%
Transportation equipment	1.60%	1.60%	1.60%

c. Material leasing activities and terms

The Group leases lands and buildings for the use of offices and operations with lease terms of 3 to 6 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	
	2022	2021
Expenses relating to short-term leases	\$ 930	\$ 613
Expenses relating to low-value asset leases	93	170
Interest on lease liabilities	570	488
Principal portion of lease liabilities	<u>13,971</u>	<u>14,198</u>
Total cash outflow for leases	<u>\$ 15,564</u>	<u>\$ 15,469</u>

The Group's leases of certain buildings qualify as short-term leases and leases of certain 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.

17. OTHER NON-CURRENT ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for the equipment	\$ 73,750	\$ 74,032	\$ 33,548
Long-term prepaid expenses	51,497	46,953	67,958
Prepayments for investment property (Note 7)	28,874	18,874	-
Net limestone mining rights	18,767	18,768	18,772
Net defined benefit assets (Note 4)	<u>447</u>	<u>446</u>	<u>416</u>
	<u>\$ 173,335</u>	<u>\$ 159,073</u>	<u>\$ 120,694</u>

18. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured borrowings (Note 32)</u>			
Bank loans	\$ 562,500	\$ 583,100	\$ 280,000
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>347,405</u>	<u>345,259</u>	<u>162,885</u>
	<u>\$ 909,905</u>	<u>\$ 928,359</u>	<u>\$ 442,885</u>

The interest rates of the bank loans were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Secured borrowings	1.20%-1.84%	1.20%-1.59%	1.22%-1.69%
Unsecured borrowings	1.05%-2.16%	0.69%-1.35%	1.25%-1.60%

b. Short-term bills payable

	March 31, 2022	December 31, 2021	March 31, 2021
Commercial paper (Note 32)	\$ 410,000	\$ 405,000	\$ 190,000
Less: Unamortized discounts on bills payable	<u>(438)</u>	<u>(576)</u>	<u>(327)</u>
	<u>\$ 409,562</u>	<u>\$ 404,424</u>	<u>\$ 189,673</u>

March 31, 2022

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 80,000	\$ 120	\$ 79,880	1.05%-1.65%
Grand Bills Finance Corporation	160,000	84	159,916	1.05%-1.65%
Dah Chung Bills Finance Corporation	50,000	154	49,846	1.11%
China Bills Finance Corporation	<u>120,000</u>	<u>80</u>	<u>119,920</u>	1.06%-1.25%
	<u>\$ 410,000</u>	<u>\$ 438</u>	<u>\$ 409,562</u>	

December 31, 2021

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 95,000	\$ 170	\$ 94,830	1.05%-1.65%
Grand Bills Finance Corporation	160,000	74	159,926	1.04%-1.65%
Dah Chung Bills Finance Corporation	50,000	126	49,874	1.04%
China Bills Finance Corporation	<u>100,000</u>	<u>206</u>	<u>99,794</u>	1.08%-1.13%
	<u>\$ 405,000</u>	<u>\$ 576</u>	<u>\$ 404,424</u>	

March 31, 2021

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 110,000	\$ 167	\$ 109,833	1.10%-1.65%
Grand Bills Finance Corporation	<u>80,000</u>	<u>160</u>	<u>79,840</u>	1.21%-1.65%
	<u>\$ 190,000</u>	<u>\$ 327</u>	<u>\$ 189,673</u>	

Short-term bills payable are commercial promissory notes guaranteed by bank, and the duration of each note does not exceed 180 days.

c. Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured borrowings (Note 32)</u>			
Bank loans	\$ 702,000	\$ 734,000	\$ 970,000
<u>Unsecured borrowings</u>			
Loans from bank	100,000	300,000	280,000
Less: Current portions	<u>(682,000)</u>	<u>(914,000)</u>	<u>(460,000)</u>
Long-term borrowings	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 790,000</u>

	Method of Repayment	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured borrowings</u>				
Taiwan Cooperative Bank	The loan period is from April 12, 2018 to April 12, 2023, with grace period of 2 years. The loan principal is payable over 11 quarters (ending January, April, July, October) with \$40 million each quarter. In addition, the Group signed a new contract in October 2021 to repay the old contract. The period is from January 12, 2022 to January 12, 2027, and the quarterly repayment amount of the loan principal is about \$500 thousand from January 2024.	\$ 120,000	\$ 120,000	\$ 260,000
Bank of Taiwan	The loan period is from November 12, 2019 to November 12, 2022. Repayment schedule for the principal is \$40 million in February 2020 and the balance payable in 7 quarters (ending February, May, August, November) with \$30 million each quarter, \$18 million will be repaid one time on maturity date.	82,000	114,000	210,000

(Continued)

	Method of Repayment	March 31, 2022	December 31, 2021	March 31, 2021
O-Bank	The loan period is from November 21, 2017 to November 21, 2022; the principal will be repaid one time on maturity date.	\$ 250,000	\$ 250,000	\$ 250,000
O-Bank	The loan period is from December 28, 2017 to December 28, 2022; the principal will be repaid one time on maturity date.	250,000	250,000	250,000
<u>Unsecured borrowings</u>				
The Export-Import Bank of the Republic of China	The loan period is from December 7, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	-	50,000	50,000
The Export-Import Bank of the Republic of China	The loan period is from December 14, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	-	50,000	50,000
O-Bank	The loan period is from March 23, 2020 to March 23, 2022; the principal will be repaid one time on maturity date.	-	80,000	80,000
O-Bank	The loan period is from September 13, 2021 to March 23, 2022; the principal will be repaid one time on maturity date.	-	20,000	-
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
		802,000	1,034,000	1,250,000
Less: Current portions		<u>(682,000)</u>	<u>(914,000)</u>	<u>(460,000)</u>
Long-term borrowings		<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 790,000</u> (Concluded)

The annual interest rate ranges of long-term borrowings were 1.24%-1.98%, 1.24%-1.72% and 1.24%-1.72% as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

19. NOTES PAYABLE AND TRADE PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes payable</u>			
From operating activities			
Non-related parties	<u>\$ 227,549</u>	<u>\$ 214,743</u>	<u>\$ 277,831</u>
Related parties	<u>\$ 5,903</u>	<u>\$ 43,148</u>	<u>\$ 31,247</u>
<u>Trade payables</u>			
From operating activities			
Non-related parties	<u>\$ 123,009</u>	<u>\$ 123,370</u>	<u>\$ 172,091</u>
Related parties	<u>\$ 15,754</u>	<u>\$ 2,046</u>	<u>\$ 30,430</u>

The Group's notes payable and trade payables (including related parties) arise from operating activities. 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.

20. OTHER PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Payables for dividends (Note 23)	\$ 242,843	\$ -	\$ 283,317
Payables for salaries and bonuses	48,057	75,008	58,833
Payables for taxes	17,400	12,695	20,161
Payables for utilities expense	14,738	19,120	11,501
Payables for purchases of equipment	-	-	18,527
Others	<u>33,450</u>	<u>31,684</u>	<u>35,105</u>
	<u>\$ 356,488</u>	<u>\$ 138,507</u>	<u>\$ 427,444</u>

21. 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, 2021 and 2020, 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	
	2022	2021
Operating costs	\$ 129	\$ 247
Selling and marketing expenses	27	38
General and administrative expenses	<u>53</u>	<u>50</u>
	<u>\$ 209</u>	<u>\$ 335</u>

22. 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, 2022

	Within 1 Year	More Than 1 Year	Total
Assets			
Financial assets at amortized cost	\$ 25,680	\$ -	\$ 25,680
Inventories	-	3,196,267	3,196,267
Prepayment for land purchases	<u>-</u>	<u>119,595</u>	<u>119,595</u>
	<u>\$ 25,680</u>	<u>\$ 3,315,862</u>	<u>\$ 3,341,542</u>
Liabilities			
Contract liabilities	<u>\$ -</u>	<u>\$ 262,042</u>	<u>\$ 262,042</u>

December 31, 2021

	Within 1 Year	More Than 1 Year	Total
Assets			
Financial assets at amortized cost	\$ 25,680	\$ -	\$ 25,680
Inventories	-	3,184,345	3,184,345
Prepayment for land purchases	-	69,350	69,350
	<u>\$ 25,680</u>	<u>\$ 3,253,695</u>	<u>\$ 3,279,375</u>

March 31, 2021

	Within 1 Year	More Than 1 Year	Total
Assets			
Financial assets at amortized cost	\$ 25,680	\$ -	\$ 25,680
Inventories	-	3,155,262	3,155,262
	<u>\$ 25,680</u>	<u>\$ 3,155,262</u>	<u>\$ 3,180,942</u>

23. EQUITY

a. Share capital

Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>498,646</u>	<u>498,646</u>	<u>498,646</u>
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)	<u>404,738</u>	<u>404,738</u>	<u>404,738</u>
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, 2022	December 31, 2021	March 31, 2021
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 (Note 12)	\$ 10	\$ 10	\$ 1
<u>May be used only to offset a deficit</u>			
Changes in percentage of ownership interests in subsidiaries	<u>8</u>	<u>8</u>	<u>8</u>
	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 9</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

After the Company amended its 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 amended 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 Company's 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 25 (8), employee benefits, for the revised policy on the remuneration of employees and 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.

The Company shall appropriate to or reverse from special reserve pursuant to the provisions set forth in the Letter No. Jin-Kuang-Fa-Tzi No. 1090150022 and "Following the adoption of International Financial Reporting Standards, questions and answers on special reserve". When a deduction item in equity is reversed, the reversed amount may be allocated to capital surplus.

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 12, 2021 and November 11, 2020 the Company's board of directors adopted the results of operations for the first half of 2021 and 2020, respectively, decided not to distribute dividends.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 27,720	\$ 39,625
Special reserve	\$ 773	\$ -
Cash dividends	\$ 242,843	\$ 283,317
Cash dividends per share (NT\$)	\$ 0.60	\$ 0.70

The above appropriations of cash dividends had been resolved by the Company's board of directors on March 30, 2022 and March 26, 2021, respectively. The appropriations of earnings for 2020 had been resolved by the shareholders in their meeting on August 4, 2021 and the appropriations of earnings for 2021 will be resolved by the shareholders in their meeting to be held on June 30, 2022.

d. Special reserve

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 14,135	\$ 14,135
Appropriations in respect of Debits to other equity items	<u>773</u>	<u>-</u>
Balance at March 31	<u>\$ 14,908</u>	<u>\$ 14,135</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	
	2022	2021
Balance at January 1	\$ 4,368	\$ 7,475
Recognized for the year Exchange differences on the translation of the financial statements of foreign operations	<u>(413)</u>	<u>(1,669)</u>
Balance at March 31	<u>\$ 3,955</u>	<u>\$ 5,806</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ (5,141)	\$ (3,020)
Recognized for the year		
Unrealized gain (loss) - debt instruments	-	(20)
Unrealized gain (loss) - equity instruments	<u>(1,429)</u>	<u>7,735</u>
Other comprehensive income (loss) recognized for the year	<u>(1,429)</u>	<u>7,715</u>
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(2,206)</u>	<u>(3,669)</u>
Balance at March 31	<u>\$ (8,776)</u>	<u>\$ 1,026</u>

24. REVENUE

a. Segmentation of customer's contract revenue

	For the Three Months Ended March 31	
	2022	2021
Cement	\$ 415,123	\$ 489,115
Cement products	267,126	397,916
Stone materials	108,306	66,205
Others	<u>90,356</u>	<u>92,717</u>
	<u>\$ 880,911</u>	<u>\$ 1,045,953</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Notes receivable (Note 10)	<u>\$ 347,304</u>	<u>\$ 297,280</u>	<u>\$ 481,924</u>	<u>\$ 573,958</u>
Notes receivable from related parties	<u>\$ -</u>	<u>\$ 6,571</u>	<u>\$ -</u>	<u>\$ 235</u>
Trade receivables (Note 10)	<u>\$ 389,924</u>	<u>\$ 418,395</u>	<u>\$ 533,622</u>	<u>\$ 492,996</u>
Trade receivables from related parties	<u>\$ 8,119</u>	<u>\$ 3,250</u>	<u>\$ 7,926</u>	<u>\$ 5,764</u>
Contract liabilities				
Cement sales	\$ 222,960	\$ 189,789	\$ 348,905	\$ 331,854
Property sales	262,042	-	-	-
Others	<u>3,000</u>	<u>1,000</u>	<u>1,251</u>	<u>1,241</u>
	<u>\$ 488,002</u>	<u>\$ 190,789</u>	<u>\$ 350,156</u>	<u>\$ 333,095</u>

The changes in contract liabilities primarily resulted from the timing difference between the satisfaction of performance obligation and the customer's payment.

The amount of contract liability at the beginning of the period with performance obligation satisfied and revenue recognized in the current year was as follows:

	For the Three Months Ended March 31	
	2022	2021
Contract liability at the beginning of the year		
Cement sales	\$ 189,789	\$ 331,854
Others	<u>1,000</u>	<u>1,241</u>
	<u>\$ 190,789</u>	<u>\$ 333,095</u>

25. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended March 31	
	2022	2021
(Loss) gain on disposal of property, plant and equipment	\$ <u>(147)</u>	\$ <u>132</u>

b. Interest income

	For the Three Months Ended March 31	
	2022	2021
Bank deposits	\$ 336	\$ 322
Investments in debt instruments at FVTOCI	<u>-</u>	<u>75</u>
	\$ <u>336</u>	\$ <u>397</u>

c. Other income

	For the Three Months Ended March 31	
	2022	2021
Others	\$ <u>444</u>	\$ <u>594</u>

d. Other expenses

	For the Three Months Ended March 31	
	2022	2021
Depreciation of leased assets	\$ 513	\$ 976
Others	<u>1,015</u>	<u>777</u>
	\$ <u>1,528</u>	\$ <u>1,753</u>

e. Interest expense

	For the Three Months Ended March 31	
	2022	2021
Bank loan	\$ 8,413	\$ 7,231
Interest on lease liabilities	570	488
Interest on loans from related parties	<u>-</u>	<u>124</u>
	\$ <u>8,983</u>	\$ <u>7,843</u>

f. Depreciation, amortization and depletion

For the Three Months Ended March 31		
	2022	2021
Property, plant and equipment	\$ 23,507	\$ 26,162
Right-of-use assets	13,760	13,954
Long-term prepaid expenses	4,004	3,614
Limestone mining rights	<u>1</u>	<u>2</u>
	<u>\$ 41,272</u>	<u>\$ 43,732</u>
An analysis of depreciation by function		
Operating costs	\$ 26,050	\$ 28,076
Operating expenses	10,704	11,064
Non-operating expenses	<u>513</u>	<u>976</u>
	<u>\$ 37,267</u>	<u>\$ 40,116</u>
An analysis of amortization by function		
Operating costs	\$ 3,226	\$ 2,295
Operating expenses	<u>778</u>	<u>1,319</u>
	<u>\$ 4,004</u>	<u>\$ 3,614</u>
An analysis of depletion by function		
Operating costs	<u>\$ 1</u>	<u>\$ 2</u>

g. Employee benefits expense

For the Three Months Ended March 31		
	2022	2021
Post-employment benefits		
Defined contribution plan	\$ 3,122	\$ 3,302
Defined benefit plans (Note 21)	<u>209</u>	<u>335</u>
	3,331	3,637
Other employee benefits	<u>78,696</u>	<u>94,521</u>
Total employee benefits expense	<u>\$ 82,027</u>	<u>\$ 98,158</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 57,165	\$ 67,071
Operating expenses	<u>24,862</u>	<u>31,087</u>
	<u>\$ 82,027</u>	<u>\$ 98,158</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, 2022 and 2021 are estimated as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	2021
Compensation of employees	3%	3%
Remuneration of directors	5%	5%

Amount

	For the Three Months Ended March 31	
	2022	2021
Compensation of employees	\$ 2,142	\$ 2,127
Remuneration of directors	3,570	3,544

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 2021 and 2020 that were resolved by the board of directors on March 30, 2022 and March 26, 2021, respectively, are as shown below:

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 9,972	\$ 13,583
Remuneration of directors	16,620	22,638

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, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2022 and 2021 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	
	2022	2021
Foreign exchange gains	\$ 490	\$ 747
Foreign exchange losses	<u>(3,506)</u>	<u>(176)</u>
	<u>\$ (3,016)</u>	<u>\$ 571</u>

26. 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	
	2022	2021
Current tax		
In respect of the current year	\$ 5,170	\$ 17,640
Income tax on unappropriated earnings	-	2,458
Adjustments for prior year	<u>81</u>	<u>-</u>
	5,251	20,098
Deferred tax		
In respect of the current year	<u>10,181</u>	<u>(3,314)</u>
Income tax expense recognized in profit or loss	<u>\$ 15,432</u>	<u>\$ 16,784</u>

b. Income tax assessments

The income tax returns through 2020 of the parent Company, Luckicon Ready-mixed Co., Dasheng Enterprise Co., Fuyu Development Co. and Luckyship Marine Co., have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts.

27. 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	
	2022	2021
Profit for the year attributable to owners of the Company	<u>\$ 54,885</u>	<u>\$ 54,426</u>
Earnings used in the computation of earnings per share	<u>\$ 54,885</u>	<u>\$ 54,426</u>

Earnings Per Share

(In Thousands of Shares)

	For the Three Months Ended March 31	
	2022	2021
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>1,025</u>	<u>1,161</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>405,763</u>	<u>405,899</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 are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. 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, 2022 and 2021:

	For the Three Months Ended March 31	
	2022	2021
Partial cash generated from disposal of financial assets at FVTOCI		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ 16,427	\$ 48,734
Changes in receivable from sale of securities (reported as other receivables)	<u>-</u>	<u>12,816</u>
Cash received	<u>\$ 16,427</u>	<u>\$ 61,550</u>
Partial cash payments for purchase of PP&E		
Acquisition of property, plant and equipment	\$ 29,114	\$ 26,063
Net changes in prepayments for business facilities	(282)	(918)
Net changes in prepayments for investment property	10,000	-
Net changes in payable for purchase of equipment	<u>-</u>	<u>12,351</u>
Cash paid	<u>\$ 38,832</u>	<u>\$ 37,496</u>

(Continued)

	For the Three Months Ended March 31	
	2022	2021
Partial cash generated from disposal of PP&E		
Proceeds from disposal of property, plant and equipment	\$ 2,500	\$ 132
Net changes in receivable from sale of property, plant and equipment (reported as other receivables)	<u>-</u>	<u>1,170</u>
Cash received	<u>\$ 2,500</u>	<u>\$ 1,302</u>
Partial cash generated from dividends income		
Net changes in dividends receivable (reported as other receivables)	<u>\$ -</u>	<u>\$ 621</u> (Concluded)

Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2022

	Balance at January 1, 2022	Cash Flows	Non-cash Changes			Balance at March 31, 2022
			New Lease	Discount Amortization	Others	
Short-term borrowings	\$ 928,359	\$ (18,454)	\$ -	\$ -	\$ -	\$ 909,905
Short-term bills payable	404,424	5,000	-	138	-	409,562
Long-term borrowings	1,034,000	(232,000)	-	-	-	802,000
Notes payables to related parties	43,148	-	-	-	(37,245)	5,903
Other payables to related parties	48,311	(5,800)	-	-	(743)	41,768
Guarantee deposits received	34,010	6,363	-	-	-	40,373
Lease liabilities	156,852	(13,971)	-	-	-	142,881
	<u>\$ 2,649,104</u>	<u>\$ (258,862)</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ (37,988)</u>	<u>\$ 2,352,392</u>

For the three months ended March 31, 2021

	Balance at January 1, 2021	Cash Flows	Non-cash Changes			Balance at March 31, 2021
			New Lease	Discount Amortization	Others	
Short-term borrowings	\$ 320,000	\$ 122,885	\$ -	\$ -	\$ -	\$ 442,885
Short-term bills payable	189,588	-	-	85	-	189,673
Long-term borrowings	1,330,000	(80,000)	-	-	-	1,250,000
Notes payables to related parties	39,596	(8,000)	-	-	(349)	31,247
Other payables to related parties	124,138	(20,000)	-	-	(4,802)	99,336
Guarantee deposits received	32,704	169	-	-	-	32,873
Lease liabilities	80,242	(14,198)	58,910	-	-	124,954
	<u>\$ 2,116,268</u>	<u>\$ 856</u>	<u>\$ 58,910</u>	<u>\$ 85</u>	<u>\$ (5,151)</u>	<u>\$ 2,170,968</u>

29. 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.

30. 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 67,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,654</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 99,994	\$ -	\$ -	\$ 99,994
Unlisted shares	<u>-</u>	<u>-</u>	<u>9,368</u>	<u>9,368</u>
	<u>\$ 99,994</u>	<u>\$ -</u>	<u>\$ 9,368</u>	<u>\$ 109,362</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 44,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,932</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 73,319	\$ -	\$ -	\$ 73,319
Unlisted shares	<u>-</u>	<u>-</u>	<u>11,038</u>	<u>11,038</u>
	<u>\$ 73,319</u>	<u>\$ -</u>	<u>\$ 11,038</u>	<u>\$ 84,357</u>

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 11,236	\$ -	\$ 8,751	\$ 19,987
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 50,280	\$ -	\$ -	\$ 50,280
Unlisted shares	-	-	10,983	10,983
Investments in debt instruments				
Corporate bonds	5,901	-	-	5,901
	\$ 56,181	\$ -	\$ 10,983	\$ 67,164

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, 2022

	Financial Assets at FVTPL Mutual Funds	Financial Assets at FVTOCI Equity Instruments	
Balance at January 1, 2022	\$ -	\$ 11,038	\$ 11,038
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	(1,670)	(1,670)
Balance at March 31, 2022	\$ -	\$ 9,368	\$ 9,368

For the three months ended March 31, 2021

	Financial Assets at FVTPL Mutual Funds	Financial Assets at FVTOCI Equity Instruments	
Balance at January 1, 2021	\$ 8,734	\$ 14,994	\$ 23,728
Return of shares after capital reduction	-	(5,202)	(5,202)
Recognized in profit or loss (included in gain on financial assets at FVTPL)	17	-	17
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	1,191	1,191
Balance at March 31, 2021	\$ 8,751	\$ 10,983	\$ 19,734

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

The fair value of privately offered fund is based on the net asset value provided by the fund company.

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.

The asset approach assesses the total market value of individual assets and individual liabilities of the valuation target and considers the reduction of non-controlling interests and a reduction in liquidity to reflect the overall value of the entity or business.

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 67,654	\$ 44,932	\$ 19,987
Financial assets at amortized cost (1)	1,329,464	1,281,300	1,614,468
Financial assets at FVTOCI			
Equity instruments	109,362	84,357	61,263
Debt instruments	-	-	5,901
<u>Financial liabilities</u>			
Amortized cost (2)	2,624,011	2,883,215	2,591,499

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 and debt 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 35.

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 and equity 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	
	2022	2021	2022	2021
Profit or loss	\$ (267)	\$ (779)	\$ (377)	\$ (356)

The above analysis included cash in banks, financial assets at amortized cost and financial assets at FVTPL 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, 2022	December 31, 2021	March 31, 2021
Cash flow interest rate risk			
Financial assets	\$ 520,675	\$ 479,040	\$ 521,607
Financial liabilities	2,121,467	2,366,783	1,932,558

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 points 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, 2022 and 2021 would have decreased/increased by \$1,000 thousand and \$882 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, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 182,773	\$ 228,031	\$ 30,780	\$ 4,960	\$ 56,000
Lease liabilities	8,798	5,138	36,258	93,761	3,029
Variable interest rate liabilities	<u>707,167</u>	<u>581,695</u>	<u>712,605</u>	<u>120,000</u>	<u>-</u>
	<u>\$ 898,738</u>	<u>\$ 814,864</u>	<u>\$ 779,643</u>	<u>\$ 218,721</u>	<u>\$ 59,029</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 185,218	\$ 197,908	\$ 67,468	\$ 3,638	\$ 62,200
Lease liabilities	9,758	5,393	40,179	104,718	6,059
Variable interest rate liabilities	<u>440,885</u>	<u>529,259</u>	<u>1,276,639</u>	<u>120,000</u>	<u>-</u>
	<u>\$ 635,861</u>	<u>\$ 732,560</u>	<u>\$ 1,384,286</u>	<u>\$ 228,356</u>	<u>\$ 68,259</u>

March 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	\$ 315,282	\$ 251,700	\$ 25,132	\$ 4,127	\$ 62,700
Lease liabilities	8,799	5,139	32,649	81,599	-
Variable interest rate liabilities	<u>89,982</u>	<u>474,691</u>	<u>577,885</u>	<u>790,000</u>	<u>-</u>
	<u>\$ 414,063</u>	<u>\$ 731,530</u>	<u>\$ 635,666</u>	<u>\$ 875,726</u>	<u>\$ 62,700</u>

b) Financing facilities

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured facilities			
Amount used	\$ 821,808	\$ 864,213	\$ 492,885
Amount unused	<u>619,520</u>	<u>463,812</u>	<u>224,089</u>
	<u>\$ 1,441,328</u>	<u>\$ 1,328,025</u>	<u>\$ 716,974</u>
Secured facilities			
Amount used	\$ 1,454,500	\$ 1,522,100	\$ 1,390,000
Amount unused	<u>1,458,338</u>	<u>878,796</u>	<u>1,988,860</u>
	<u>\$ 2,912,838</u>	<u>\$ 2,400,896</u>	<u>\$ 3,378,860</u>

31. 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
Lucky East Transportation Co., Ltd. ("Lucky East Transportation")	The chairman is first-degree relative of the chairman of the Company

(Continued)

Related Party Name	Related Party Category
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
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
(Concluded)	

b. Business transactions

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2022	2021
Sales	Other related parties	<u>\$ 17,631</u>	<u>\$ 14,120</u>
Purchases of goods	Fuan Mining	\$ 28,700	\$ 50,879
	Other related parties	<u>5,775</u>	<u>10,117</u>
		<u>\$ 34,475</u>	<u>\$ 60,996</u>
Operating costs - transportation expenses	Other related parties	<u>\$ 2,347</u>	<u>\$ 8,608</u>
Operating costs - manufacturing expenses	Other related parties	<u>\$ 93</u>	<u>\$ 190</u>
Operating expenses	Other related parties	<u>\$ 908</u>	<u>\$ 1,814</u>
Other income	Other related parties	<u>\$ -</u>	<u>\$ 24</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 Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	Fuan Mining	\$ <u>-</u>	\$ <u>6,571</u>	\$ <u>-</u>
Trade receivables	Fuan Mining	\$ 8,111	\$ 3,246	\$ 7,823
	Yung-Sheng Development	<u>8</u>	<u>4</u>	<u>103</u>
		\$ <u>8,119</u>	\$ <u>3,250</u>	\$ <u>7,926</u>
Other receivables	Other related parties	\$ <u>121</u>	\$ <u>247</u>	\$ <u>83</u>

The outstanding trade receivables from related parties are unsecured. As of March 31, 2022, December 31, 2021 and March 31, 2021, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Notes payable (excluding loan from related parties)	Fuan Mining	\$ 2,971	\$ 39,683	\$ 25,035
	Lucky East Transportation	2,184	3,465	6,140
	Other related parties	<u>748</u>	<u>-</u>	<u>72</u>
		\$ <u>5,903</u>	\$ <u>43,148</u>	\$ <u>31,247</u>
Trade payables	Fuan Mining	\$ 13,209	\$ -	\$ 28,388
	Lucky East Transportation	<u>2,545</u>	<u>2,046</u>	<u>2,042</u>
		\$ <u>15,754</u>	\$ <u>2,046</u>	\$ <u>30,430</u>
Other payables - current (excluding loan from related parties)	Lucky East Transportation	\$ 625	\$ 1,353	\$ 3,308
	Other related parties	<u>1,143</u>	<u>1,158</u>	<u>194</u>
		\$ <u>1,768</u>	\$ <u>2,511</u>	\$ <u>3,502</u>

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

Line Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Other payables - current	Fuan Mining	\$ <u>-</u>	\$ <u>-</u>	\$ <u>50,034</u>
Other payables - non-current	Cheng Haibin	\$ <u>40,000</u>	\$ <u>45,800</u>	\$ <u>45,800</u>

	For the Three Months Ended March 31	
	2022	2021

Interest expense

Other related parties	\$ <u>-</u>	\$ <u>125</u>
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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

Lease arrangements - the Group is lessor under operating leases

Future lease payment receivables are as follows:

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Lucky East Transportation	\$ 3,684	\$ 3,788	\$ 7,792
Other related parties	<u>252</u>	<u>288</u>	<u>396</u>
	<u>\$ 3,936</u>	<u>\$ 4,076</u>	<u>\$ 8,188</u>

Lease income was as follows:

	For the Three Months Ended March 31	
Related Party Category/Name	2022	2021
Lucky East Transportation	\$ 336	\$ 492
Other related parties	<u>36</u>	<u>36</u>
	<u>\$ 372</u>	<u>\$ 528</u>

The rental amounts and collection methods are negotiated.

g. Compensation of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 11,408	\$ 11,244
Post-employment benefits	<u>125</u>	<u>132</u>
	<u>\$ 11,533</u>	<u>\$ 11,376</u>

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

32. 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, 2022	December 31, 2021	March 31, 2021
Property under development (reported as inventories)	\$ 3,136,365	\$ 3,124,443	\$ 3,095,360
Property, plant and equipment	898,270	899,667	904,045
Restricted assets (reported as financial assets at amortized cost)	295,306	307,006	295,616
Notes receivable	<u>13,750</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,343,691</u>	<u>\$ 4,331,116</u>	<u>\$ 4,295,021</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- a. As of March 31, 2022, the Group has signed a contract for purchase of property, plant and equipment; the unpaid amount is \$238,519 thousand.
- b. As of March 31, 2022, December 31, 2021 and March 31, 2021, unused letters of credit for purchases of raw materials amounted to approximately \$154,403 thousand, \$18,954 thousand and \$0, respectively.

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On April 14, 2022, the board of directors of Luckicon Ready-mixed Co. resolved to purchase lands from unrelated party for the construction of a factory for a total amount of \$678,328 thousand.

35. 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, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 278	28.625 (USD:NTD)	\$ 7,944
RMB	1,674	4.506 (RMB NTD)	7,544
<u>Financial liabilities</u>			
Monetary items			
USD	91	28.625 (USD:NTD)	2,605

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 313	27.68 (USD:NTD)	\$ 8,678
RMB	1,674	4.328 (RMB:NTD)	7,273
<u>Financial liabilities</u>			
Monetary items			
USD	6,469	27.68 (USD:NTD)	179,057

March 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 239	28.535 (USD:NTD)	\$ 6,829
RMB	1,641	4.344 (RMB NTD)	7,127
Non-monetary item			
USD	307	28.535 (USD:NTD)	8,751

Foreign exchange gains or losses (realized or unrealized) of the Group in the three months ended March 31, 2022 and 2021 are respectively losses of \$3,016 thousand and gains of \$571 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.

36. 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 (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions (Table 5)
- b. Information on investees (Table 4)
- 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 6)

37. 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	
	2022	2021	2022	2021
Cement segment	\$ 880,882	\$ 1,029,344	\$ 84,591	\$ 83,195
Other segments	<u>29</u>	<u>16,609</u>	<u>1,011</u>	<u>(6,180)</u>
Total from operations	<u>\$ 880,911</u>	<u>\$ 1,045,953</u>	85,602	77,015
Interest income			336	397
Rental income			2,159	2,272
Other income			444	594
Foreign exchange (losses) gains			(3,016)	571
Fair value changes of financial assets			(4,697)	(43)
Other losses			(1,528)	(1,753)
Interest expense			<u>(8,983)</u>	<u>(7,843)</u>
Profit before income tax			<u>\$ 70,317</u>	<u>\$ 71,210</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, 2022 and 2021.

The revenue of segments means the profits earned by each segment, excluding interest income which shall be apportioned, rent income, other income, loss on disposal of property, plant and equipment, foreign exchange gains (losses), net loss on fair value changes of financial assets at fair value through profit or loss, other expenditure and interest expense.

b. Total assets and liabilities of segments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Segment assets</u>			
Operating segment			
Cement segment	\$ 4,696,738	\$ 4,707,090	\$ 4,726,248
Other segments	<u>3,403,390</u>	<u>3,334,620</u>	<u>3,261,793</u>
Total assets	<u>\$ 8,100,128</u>	<u>\$ 8,041,710</u>	<u>\$ 7,988,041</u>
<u>Segment liabilities</u>			
Operating segment			
Cement segment	\$ 2,749,148	\$ 2,738,059	\$ 2,860,879
Other segments	<u>895,206</u>	<u>658,077</u>	<u>693,088</u>
Total liabilities	<u>\$ 3,644,354</u>	<u>\$ 3,396,136</u>	<u>\$ 3,553,967</u>

TABLE 1

LUCKY CEMENT CO. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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	\$ 200,000	\$ -	1.4316	b.	\$ -	Operating turnover	\$ -	-	-	\$ 445,571	\$ 1,782,284
		Luckyship Co.	Other receivables from related parties	20,000	Yes	-	-	-	b.	-	Operating turnover	-	-	-	445,571	1,782,284
						<u>\$ 200,000</u>										

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 year; 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 year; for less than 20% owned subsidiary, loan should not be more than 2% of the net value of Lucky Cement Co. at end of year. Financing of Luckicon Ready-mixed Co. should not be more than 20% of net value at end of year.

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

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, 2022****(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	\$ 1,782,284	\$ 620,000	\$ 620,000	\$ 590,000	\$ 120,000 (Note 3)	13.91	\$ 2,227,855	Y	-	-	
		Luckicon	Subsidiary	1,782,284	420,000	420,000	100,000	-	9.43	2,227,855	Y	-	-	
		Ready-mixed Co.												
		Lucky Cement Japan,	Subsidiary	1,782,284	12,035	11,765	-	-	0.26	2,227,855	Y	-	-	
						<u>\$ 1,051,765</u>								

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.

Note 3: The certificate of deposit of NT\$60,000 thousand is provided as collateral which is recognized as financial asset at amortized cost - restricted asset.

TABLE 3**LUCKY CEMENT CO. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****MARCH 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	<u>Mutual fund</u>							
	Cathay Global Autonomous and Electric Vehicles ETF	-	Financial assets at FVTPL - current	4,000,000	\$ 61,320	-	\$ 61,320	
	FSITC Global Vedio Gaming & eSports Fund	-	Financial assets at FVTPL - current	500,000	5,435	-	5,435	
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	899	-	899	
	<u>Non-listed ordinary shares</u>							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,283,068	9,071	10.58	9,071	
	<u>Listed ordinary shares</u>							
	Taiwan Cement Corporation	-	Financial assets at FVTOCI - current	105,148	5,247	-	5,247	
	Yang Ming Marine Transport Corp.	-	Financial assets at FVTOCI - current	200,000	24,900	0.01	24,900	
	Asia Cement Corporation	-	Financial assets at FVTOCI - current	165,000	8,019	-	8,019	
	Evergreen Marine Corporation (Taiwan) Ltd.	-	Financial assets at FVTOCI - current	300,000	40,500	0.01	40,500	
	Far Eastern New Century Corporation	-	Financial assets at FVTOCI - current	200,000	6,080	-	6,080	
	U-Ming Marine Transport Corporation	-	Financial assets at FVTOCI - current	78,000	4,610	0.01	4,610	
	Winbond Electronics Corporation	-	Financial assets at FVTOCI - current	130,181	4,062	-	4,062	
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	72,351	3,907	-	3,907	
	Medigen Biotechnology Corp.	-	Financial assets at FVTOCI - current	28,628	1,497	0.02	1,497	
	Sanitar Co., Ltd.	-	Financial assets at FVTOCI - current	24,000	862	0.03	862	
	China Development Financial Holding Corporation	-	Financial assets at FVTOCI - current	13,496	259	-	259	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	926	26	-	26	
	Capital Securities Corp.	-	Financial assets at FVTOCI - current	875	14	-	14	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	457	11	-	11	
Luckyship Co.	<u>Non-listed ordinary shares</u>							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	42,068	297	0.35	297	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on March 31, 2022.

Note 2: Financial assets at FVTOCI: Fair value of listed shares is based on their closing price on March 31, 2022. Fair value of non-listed shares is estimated by the fair value method.

Note 3: Please refer to Table 4 for information regarding subsidiaries.

TABLE 4

LUCKY CEMENT CO. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 3)		As of March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Lucky Cement Co.	Dasheng Enterprise	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real estate sales and lease	\$ 2,367,473	\$ 2,367,473	157,295,283	99.99	\$ 2,478,426	\$ (4,117)	\$ (4,117)	Note 1
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed concrete manufacture and trades	350,000	350,000	47,000,000	100.00	747,465	18,255	18,276 (Note 4)	Note 1
	Lucky Cement Japan, Luckyship Co.	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu 13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Cement trading	82,300	82,300	6,800	100.00	18,767	(624)	(624)	Note 2
			Shipping agent	88,615	88,615	2,000,000	100.00	25,048	(521)	(521)	Note 2
Luckicon Ready-mixed Co.	Fuyu Development	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine gravel	12,751	12,751	1,000,000	100.00	7,834	82	82	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 \$21 thousand.

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

TABLE 5**LUCKY CEMENT CO. AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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	\$ 49,355	About 90 days	0.61
		Luckicon Ready-mixed Co.	a.	Accounts receivable	39,874	About 90 days	0.49
		Luckicon Ready-mixed Co.	a.	Other receivables	10,113	About 90 days	0.12
		Luckicon Ready-mixed Co.	a.	Accounts payables	22	About 90 days	-
		Luckicon Ready-mixed Co.	a.	Contract liabilities	10,226	About 90 days	0.13
		Luckicon Ready-mixed Co.	a.	Sales	82,304	About 90 days	9.34
		Luckicon Ready-mixed Co.	a.	Rental income	381	30 days	0.04
		Fuyu Development Co., Ltd.	a.	Other receivables	5	About 90 days	-
		Fuyu Development Co., Ltd.	a.	Notes payable	16	About 90 days	-
		Fuyu Development Co., Ltd.	a.	Other payables	736	About 90 days	0.01
		Fuyu Development Co., Ltd.	a.	Cost of sales	692	About 90 days	0.08
		Fuyu Development Co., Ltd.	a.	Rental income	2,016	30 days	0.23
		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	1	About 90 days	-
		Dasheng Enterprise	a.	Rental income	23	30 days	-
		Dasheng Enterprise	a.	Interest income	121	30 days	0.01
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	c.	Sales	2,450	About 90 days	0.28
		Dasheng Enterprise	c.	Accounts receivable	4,641	About 90 days	0.06

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 6**LUCKY CEMENT CO.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2022**

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.