Stock Code: 1104

# Universal Cement Corporation

## 2023 Annual Report

Universal Cement Corporation. Annual Report is available at: Market Observation Post System (MOPS): http://mops.twse.com.tw and corporate website: http://www.ucctw.com
Published on April 30, 2024

**Spokesperson**

Name: YANG, Tsung-Jen

Title: Vice President

Tel: 886-2-2507-7801

E-mail: ucc@ucctw.com

**Deputy Spokesperson**

Name: KAO, Tsung-Yao

Title: Vice President

Tel: 886-2-2507-7801

E-mail: ucc@ucctw.com

**Shareholder service agency**

SinoPac Securities

Address: 3F., No.17, Bo'ai Rd., Zhongzheng Dist., Taipei City, Taiwan

Tel: 886-2-2381-6288

Website: https://securities.sinopac.com

**Auditors**

CPA Firm: Deloitte & Touche -Taiwan

Auditors: LEE, Chi-Chen, YANG, Chao-Chin

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City, Taiwan

Tel.: 886-2- 2725-9988

Website: http://www.deloitte.com.tw

**Overseas Securities Exchange**

N/A.

**Corporate Website**

http://www.ucctw.com

## Head Office, Plant and Local Office

**Head Office**
10F., No.125, Sec.2, Nanjing E. Rd., Zhongshan Dist., Taipei City
TEL：(02)2507-7801
FAX：(02)2507-5870

**Microelectronic Division**
8F., No.6, Jiankang Rd., Zhonghe Dist., New Taipei City
TEL：(02)2225-2018
FAX：(02)2225-2056

**Tainan Office**
6F., No.83, Sec. 2, Yongfu Rd., West Central Dist., Tainan City
TEL：(06)228-7123
FAX：(06)229-6600

**Alian Cement Plant**
No. 368, Gangshan 1st St., Alian Dist., Kaohsiung City
TEL：(07)631-2111
FAX：(07)631-2117

**Luzhu Gypsum Board Plant**
No. 461-2, Huanqiu Rd., Luzhu Dist., Kaohsiung City
TEL：(07)697-2181
FAX：(07)697-1898

**Haihu Gypsum Board Plant**
No.18, Haishan Central St., Luzhu Dist., Taoyuan City
TEL：(03)354-3056
FAX：(03)354-1711

**Dahu Ready-mixed Concrete Plant**
No.461-1, Huanqiu Rd., Luzhu Dist., Kaohsiung City
TEL：(07)696-5131
FAX：(07)696-1220

**Nanzi Ready-mixed Concrete Plant**
No.58, Fenglong Ln., Yanchao Dist., Kaohsiung City
TEL：(07)615-3190
FAX：(07)615-3186

**Yongkang Ready-mixed Concrete Plant**
No.20, Xinggong Rd., Yongkang Dist., Tainan City
TEL：(06)233-6052
FAX：(06)233-6106

**Tainan Ready-mixed Concrete Plant**
No.59, Sec. 1, Zhonghua W. Rd., South Dist., Tainan City
TEL：(06)291-7731
FAX：(06)291-7641

**Xiaogang Ready-mixed Concrete Plant**
No.20, Yanhai 3rd Rd., Xiaogang Dist., Kaohsiung City
TEL：(07)871-3143
FAX：(07)871-5594

**Fengshan Ready-mixed Concrete Plant**
No.146, Fengping 1st Rd., Daliao Dist., Kaohsiung City
TEL：(07)703-7512
FAX：(07)703-9114

**Chaozhou Ready-mixed Concrete Plant**
No.53, Sec.1, Guangfu Rd., Chaozhou Township, Pingtung County
TEL：(08)788-9945
FAX：(08)788-9906

**Taipei Office**
10F., No.125, Sec.2, Nanjing E. Rd., Zhongshan Dist., Taipei City
TEL：(02)2507-7801
FAX：(02)2506-7580

**Taichung Office**
5F.-6, No.201, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City
TEL：(04)2258-5180
FAX：(04)2258-5190

**Kaohsiung Office**
4F.-5, No.110, Sanduo 4th Rd., Lingya Dist., Kaohsiung City
TEL：(07)269-6771
FAX：(07)269-6873

# Contents

# I. Letter to Shareholders

Dear valued shareholders,

In 2023, the global economy faced numerous challenges such as high interest rates and inflation. The construction industry suffered from labor and material shortages, leading to increased operating costs. However, the government's passing of the Infrastructure Development Program and contribute steady growth of sales of building material business of the Company. The following is business performance of the Company in 2023:

1. In 2023, the sales of cement were 550 thousand tons, representing a YOY growth of 10%, the sales of ready-mixed concrete (RMC) were 1.89 million cubic meters, representing a YOY decline of 3% and the sales of gypsum boards were 15.96 million square meters, representing a YOY growth of 1%. Total consolidated revenue for 2023 was NT$ 7.8 billion, showing a growth of 11% compared with last year; Net profit after tax of the year was NT$ 2.35 billion, showing a growth of 7% compared with last year; Earnings per share had reached NT$ 3.13.
2. Building material business group continues to enhance the functional performance of gypsum board such as moisture resistance, fire resistance, sound insulation, convenience in construction and recycling. We also strive to provide users with more drywall systems including rooftop and cladding system. We have synergized our products with the exterior wall panel system of Japan's market leader "NICHIHA" to extend our solution systems from the interior wall and ceiling panels to exterior of buildings.
3. RMC business group continued to supply for the demand for factories, offices, public construction, and the residences on the periphery of Hsinchu, Taichung, Tainan, Kaohsiung and Pingtung. We will also return to Chiayi county and renovate a previously rented out concrete plant in order to supply new TSMC plant construction projects.
4. Micro-Deformable Piezoresistive Sensor, the technology by our subsidiary company, Uneo Inc. was making a great progress in consumer electronics, stylus, industrial and semiconductor equipment, smart health and smart warehouses. Uneo Inc. seeks to enhance synergy with world-renowned corporation in standardizing, systemizing, and modularizing the product development based on the advanced technology and the past experiences of customization to shorten the product development cycle and raise the profit.

Looking into 2024, we will continue to solidify our footprint in public construction, factories, commercial buildings, and housing projects. Xiaogang RMC Plant and Madou RMC Plant renewals are estimated to complete in the fourth quarter of 2024.With 10 ready-mixed concrete plants and 2 gypsum board plants, we expect to achieve the cement sales volume target of 560 thousand tons, RMC sales volume target of 1.79 million cubic meters, and gypsum board sales volume target of 20.25 million square meters. Beyond our current business, we also continue to seek growth opportunities horizontally and vertically. With the rising awareness of ESG, we will also proactively seek for new production methods and materials to ameliorate the impact the Company levy on the environment.

As a leader in film type pressure sensor industry, Uneo Inc. has been the designated smart manufacturing sensor system supplier for various world-renowned companies since Industry 4.0 has become a clear direction. Moreover, our module for smart health and smart inventory control are also two foci and UNEO seeks to promote these solutions to industry leaders in North America and Europe. With the steadily-growing market demand for consumer electronics, we are anticipating a significant growth in sales performance of the sensor component business for 2024.

We are sincerely grateful for the support from all of our shareholders. We will continue to strive for the corporate's innovation and steady growth, keeping to corporate governance, ethical corporate management, sustainable development, fulfillment of social responsibility to make UCCTW thriving in the future.

Chairperson

Bo-Chih Investment Co., Ltd.

# II. Introduction of the Company

## 2.1 Date of Establishment

Mar. 1st, 1960

## 2.2 History of the Company

| | | |
|---|---|---|
| Sep., | 1959 | Founded by distinguished Mr. Wu, Shan-Lien, Mr. Hou, Yu-Li, Mr. Wu, Hiu-Chi and Mr. Wu, Tsun-Hsien. |
| Mar., | 1960 | Company established. Paid-in capital of NT$ 100 million. |
| Feb., | 1963 | Establishment of Dahu Cement Plant. Annual production capacity of 0.2 million tons and occupying land of 20 hectares for the plant. |
| Feb., | 1965 | Establishment of second kiln in Dahu Cement Plant, annual capacity reached 0.3 million tons. |
| Feb., | 1971 | Publicly listed on TWSE. |
| Jan., | 1974 | Location of Alian Cement Plant decided on plot of 22 hectares. |
| May, | 1976 | Establishment of Alian Cement Plant with annual capacity of 0.8 million tons. |
| May, | 1983 | In order to reduce consumption of energy, Alian Cement Plant replace its oil-burning system with coal burning system. |
| June, | 1985 | One of the two production line in Dahu Cement Plant converted into latest NSP production system and increase annual capacity to 0.7 million tons. |
| Sep., | 1988 | Establishment of Dahu Ready-Mixed Concrete (RMC) Plant, hourly production capacity of 120 $m^3$. |
| Dec., | 1990 | Pre-heating system at Alian Cement Plant was converted from semi-N.S.P. system to R.S.P. system. |
| Jan., | 1991 | Establishment of Dahu Gypsum Board Plant, annual capacity of 7.5 million $m^2$, which was later increased to 9 million $m^2$ due to expansion of capacity. |
| May, | 1992 | Completion of expansion of second production system in Dahu RMC plant, hourly production capacity of 180 $m^3$. |
| Jan., | 1993 | Evaluation of establishment of Haihu Gypsum Board Plant. |
| Oct., | 1993 | Establishment of Nanzi RMC Plant, hourly production capacity of 270 $m^3$. |
| Mar., | 1994 | Establishment of Haihu Gypsum Board Plant, annual production capacity of 20 million $m^2$. |
| Apr., | 1995 | Establishment of Lingfengying RMC plant, hourly production capacity of 180 $m^3$. |
| Sep., | 1995 | Dahu Gypsum Board Plant and Dahu Cement Plant were awarded the certificate of ISO 9002 by Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs (BSMI of MOEA). |
| Oct., | 1995 | Alian Cement plant was awarded the certificate of ISO 9002 by BSMI of MOEA. |
| Feb., | 1996 | Joint meeting of the Board and Supervisors approved, in principle, an investment in Vietnam on establishment of cement plant, annual production capacity of 1.5 million tons. The same resolution was |

submitted to and approved by the Annual General Shareholders' Meeting (AGM) in Apr., 1996.

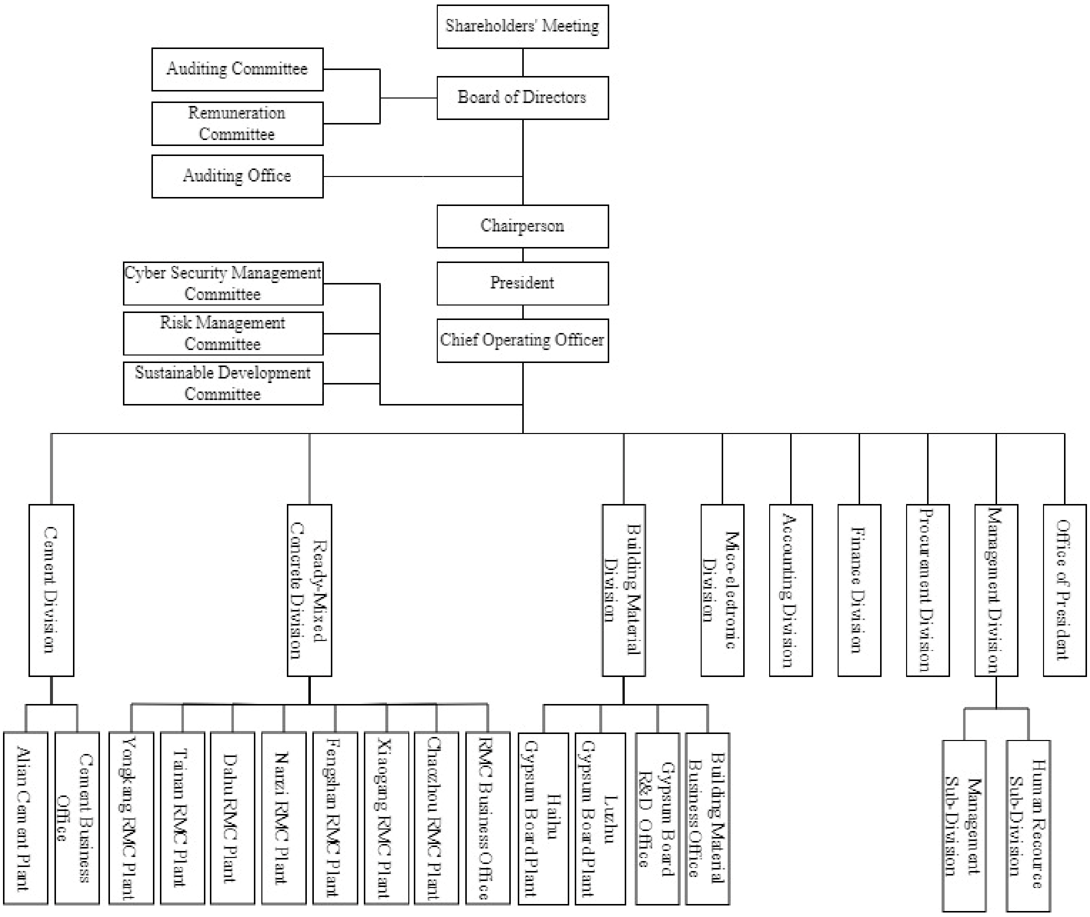
| | | |
|---|---|---|
| Apr., | 1996 | Haihu Gypsum Board Plant was awarded the certificate of ISO 9002 by BSMI of MOEA. |
| June, | 1996 | Investment of cement plant in Vietnam was approved and awarded license by Ministry of Planning and Investment of President Office of Vietnam. |
| Aug., | 1996 | UCC Investment Co., Ltd. invested in Ilocos Norte Mining, Philippines. |
| Aug., | 1996 | Paid-in capital reached NT$ 4 billion. |
| Oct., | 1996 | Establishment of Joint Venture of Quảng Ninh Universal Cement, Vietnam. |
| Sep., | 1997 | Paid-in capital reached NT$ 4.2 billion. |
| Dec., | 1997 | Announcement by MOEA to ban mining of limestone in western Taiwan since Jan., 1998. |
| May, | 1998 | Suspension of Dahu Cement Plant. |
| July, | 1998 | Implementation of Favorable Retirement and Severance Package. |
| Apr., | 1999 | Dahu, Lingfengying and Nanzi RMC Plant were awarded the certificate of ISO 9002. |
| Oct., | 1999 | Expansion of RMC network by leasing of Yongkang RMC plant. |
| Jan., | 2000 | Establishment of pier in Pagudpud, Ilocos Norte, Philippines. |
| Mar., | 2001 | Suspension on establishment of cement plant in Quảng Ninh, Vietnam. |
| Apr., | 2001 | The Company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NT$ 3.9 billion. |
| June, | 2001 | Suspension of Dahu Gypsum Board Plant. |
| July, | 2001 | Haihu Gypsum Board Plant was awarded the certificate of Underwriters Laboratories Inc, U.S.A.. |
| Feb., | 2002 | The Company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NT$ 3.5 billion. |
| Mar., | 2002 | Establishment of Ning-Bo, the Yings' & Universal Building Material Company in Bei-lun, Ning-bo, Zhe-jiang province, China. |
| Sep., | 2002 | Haihu Gypsum Board Plant was awarded the Green Mark of EPA. |
| Nov., | 2002 | Investment in cement grinding facility in Der-qing County, Guangdong province by contribution of idle grinding facility from Dahu Cement Plant. |
| Dec., | 2002 | The Company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NT$ 3.4 billion. |
| Mar., | 2003 | Establishment of integrated cement plant in Ping-ling Township, Long-men County, Hui-zhou City, Guangdong Province, China. |
| July, | 2003 | Entering an investment agreement with Long-men County government in integrated cement plant. |
| Sep., | 2003 | Paid-in capital reached NT$ 3.7 billion. |
| Feb., | 2004 | Establishment of Feng-hua Universal Building Material Company and its RMC plant in Feng-hua, Zhe-jiang province, China. |
| Mar., | 2004 | Commencement of construction of Long-Men Cement Plant in Hui-zhou, Guangdong Province, China. |
| Aug., | 2004 | Establishment of Ning-Bo, Bei-lun, the Yings' & Universal Building Material Company and its RMC plant in Bei-lun, Ning-bo, Zhe-jiang |

| | | |
|---|---|---|
| | | province, China. |
| Sep., | 2004 | Paid-in capital reached NT$ 4.1 billion. |
| Mar., | 2005 | Establishment of Hui-zhou RMC Inc., in Hui-cheng Dist., Hui-zhou city, Guangdong Province, China. |
| June, | 2005 | License to build second production line of Hui-zhou Universal Cement Corporation approved. |
| Aug., | 2005 | Paid-in capital reached NT$ 4.6 billion. |
| Aug., | 2005 | Establishment of subsidiary, Hui-zhou Universal Transportation Corporation approved. |
| Aug., | 2005 | Dahu Gypsum Board Plant relocated to Ho-Chi-minh, Vietnam. Establishment of Yong-hsiang Joint Venture Company. |
| Sep., | 2005 | Activation of first production line in Hui-zhou Universal Cement Corporation. |
| Dec., | 2005 | The Company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NT$ 4.5 billion. |
| Aug., | 2006 | Paid-in capital reached NT$ 5 billion. |
| Nov., | 2006 | Establishment of Ning-Bo Universal Building Material Company and its RMC plant in Jiang-Bei District, Ning-bo, Zhe-jiang province, China. |
| Dec., | 2006 | The Company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NT$ 5 billion. |
| Apr., | 2007 | Construction of second cement production line of Hui-zhou Universal Company. |
| Apr., | 2007 | Establishment of Hui-zhou Universal Building Material Company. |
| June, | 2007 | Divestment all shares in Yong-hsiang Joint Venture Company. |
| Aug., | 2007 | Paid-in capital reached NT$ 5.5 billion. |
| Sep., | 2007 | Suspension of Lingfengying RMC plant. |
| Sep., | 2008 | Paid-in capital reached NT$ 6 billion. |
| Mar., | 2009 | Acquire sole ownership of Ning-bo, Ying's & Universal Building Material Company and Ning-Bo, Bei-lun, the Yings' & Universal Building Material Company. Divestment of complete ownership in Ning-bo Universal Building Ready-mixed Concrete Company, Ning-bo Universal Cement Product Company, Ning-bo Universal Building Material Company, Feng-hua Universal Building Material Company. |
| June, | 2009 | Addition of fabrication plant of Haihu Gypsum Board Plant. |
| July, | 2009 | Consolidation of Kaohsiung RMC Industry Co., Ltd. |
| Nov., | 2009 | Divestment of sole ownership of Der-qing Universal Building Material Company. |
| Jan., | 2010 | Reduction of operation cycle of front end of burning system in Alian Cement Plant for resizing of staff. |
| Jan., | 2010 | Awarded patent of Micro-Deformable Piezoresistive Sensor from Industrial Technology Research Institute and technological cooperation development therewith. |
| July, | 2010 | Entering an agreement of divestment of Iloco Norte Mining Company, Philippines. |
| Aug., | 2010 | Divestment of shares in six subsidiaries in Hui-zhou and Ning-bo area in China. |
| Aug., | 2010 | Setting up of office of Microelectronics Division and its plant. |

| | | |
|---|---|---|
| Aug., | 2010 | Expansion of RMC network by leasing of Fengshan RMC plant. |
| Nov., | 2011 | Planning the construction of office, plant, and equipment of Microelectronics Division in southern Taiwan. |
| Aug., | 2012 | Founding of Uneo Inc. |
| Mar., | 2013 | Addition of second production system in Yongkang RMC plant. |
| Oct., | 2015 | Addition of second production system in Nanzi RMC plant. |
| Aug., | 2016 | Paid-in capital reached NT$ 6.3 billion. |
| Aug., | 2017 | Paid-in capital reached NT$ 6.5 billion. |
| Dec., | 2019 | Addition of second production system in Dahu RMC plant. |
| Nov., | 2020 | Expansion of RMC network by leasing of Hsinchu RMC plant. |
| Mar., | 2022 | Consolidation of Tainan RMC Industry Co., Ltd. |
| June, | 2022 | AGM adopted registered capital of NT$ 10 billion available for multiple issuances. |
| Sep., | 2022 | Sale of land previously occupied by Lingfengying RMC plant. |
| Dec., | 2022 | Expansion of RMC network by leasing of Madou RMC plant. |
| Aug., | 2023 | Paid-in capital reached NT$ 6.7 billion. |
| Aug., | 2023 | Completion of construction of Luzhu Gypsum Board Plant |

# III Report on Corporate Governance

## 3.1 Organization




| | |
|---|---|
| Management Sub-division | Handling of general affairs, stock affairs, the Board meeting, Annual General Shareholders' Meeting. |
| Human Resources Sub-Division | Handling of staff recruitment, education and training, attendance, salary and labor insurance |
| IT Division | Matters related to the planning, execution, and management of computerized operations |
| Finance Division | Handling of funds dispatch |
| Accounting Division | Accounting and account processing |
| Procurement Division | Bulk raw material procurement and project planning execution |
| Cement Division | R&D, manufacturing, sales, scheduling, statistics and other related affairs of cement |
| Ready-mixed Concrete Division | R&D, manufacturing, sales, scheduling, statistics and other related affairs of ready-mixed Concrete |
| Building Materials Division | R&D, manufacturing, sales, scheduling, statistics and other related affairs of gypsum board |
| Microelectronic Division | R&D, manufacturing and sales of microelectronic solutions |
| Office of President | Planning and execution of projects assigned by the president |
| Auditing Office | Internal control auditing affairs |

# 3.2 Profile of Directors, President, Vice Presidents, and Chief of divisions

## 3.2.1 Directors (2024.4.26)

| Title | Nationality | Name | Gender/ Age | Date of appointment | Tenure | First Appointment | Share held upon appointment | | As of date of report, | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Share held | | Share held by spouse and under-aged children | |
| | | | | | | | No. of Share | Ratio | No. of Share | Ratio | No. of Share | Ratio |
| Chairperson of 23rd | R.O.C. | Bo-Chih Investment Co., Ltd. | - | 2020.6.15 | 3 years | 2011.6.22 | 27,893,282 | 4.26% | 28,730,080 | 4.27% | - | - |
| | | Represented by: HOU, Bo-Yi | Male/ 71~80 | - | - | - | - | - | 52,414,898 | 7.79% | 23,065,547<br>- | 3.43%<br>- |
| Chairperson of 24th | R.O.C. | Bo-Chih Investment Co., Ltd. | N/A | 2023.6.16 | 3 years | 2011.6.22 | 27,893,282 | 4.26% | 28,730,080 | 4.27% | 0 | 0 |
| Director of 23rd & 24th | R.O.C. | Sheng-Yuan Investment Co., Ltd. | - | 2023.6.16 | 3 years | 2008.12.2 | 63,355,157 | 9.98% | 69,505,485 | 10.32% | 0 | 0 |
| | | Represented by: HOU, Chih-Sheng | Male 41~50 | - | - | - | - | - | 120,396 | 0.02% | -<br>0 | -<br>0 |
| Director of 23rd & 24th | R.O.C. | Yu-Sheng Investment Co., Ltd. | - | 2023.6.16 | 3 years | 2017.6.14 | 62,652,464 | 9.87% | 69,267,998 | 10.29% | | |
| | | Represented by: HOU, Chih-Yuan | Male 31~40 | - | - | - | - | - | 51,582 | 0.01% | | |
| Director of 23rd | R.O.C. | Hsin-Han Investment Co., Ltd. | - | 2020.6.15 | 3 years | 2017.6.14 | 35,450 | 0.005% | 220,450 | 0.03% | - | - |
| | | Represented by: CHEN, Jing-Hsing | Male 61~70 | - | - | - | - | - | 1,120,926 | 0.17% | - | - |
| Independent Director of 23rd & 24th | R.O.C. | CHAN, Yi-Jen | Male 61~70 | 2023.6.16 | 3 years | 2017.6.14 | - | - | - | - | - | - |
| Independent Director of 23rd & 24th | R.O.C. | HO, Felix | Male 41~50 | 2023.6.16 | 3 years | 2020.6.15 | - | - | - | - | - | - |
| Independent Director of 23rd | R.O.C. | WANG, Yong-Chun | Male 51~60 | 2020.6.15 | 3 years | 2020.6.15 | - | - | - | - | - | - |
| Independent Director of 24th | R.O.C. | SU, Yen-Hsueh | Female 51~60 | 2023.6.16 | 3 years | 2023.6.16 | | | | | | |
| Independent Director of 24th | R.O.C. | YEN, Jeffry | Male 31~40 | 2023.6.16 | 3 years | 2023.6.16 | 79,836 | 0.01% | 82,231 | 0.01% | | |

| Name | Share held under name of third-party | | Professional experience and Education | Other position held in the Company or other company | Executives, directors, or managers who are spouses or kinship within second degree | | | Remark |
|---|---|---|---|---|---|---|---|---|
| | No. of Share | Ratio | | | Title | Name | Relation | |
| Bo-Chih Investment Co., Ltd. | - | - | - | - | N/A | N/A | N/A | Note 1 |
| Represented by: HOU, Bo-Yi | - | - | Dept. of Transportation Management, NCKU | ◆ Chairperson, UCC Investment<br>◆ Executive Director, Grand Bills Finance<br>◆ Director, Tainan Spinning<br>◆ Director, Lio-Ho Machine Works<br>◆ Director, Prince Housing & Development<br>◆ Chairperson, Hsin Fu Hsing Industrial<br>◆ Chairperson, Hou Yong-Du Social Welfare and Charity Foundation | Director<br>Director | HOU, Chih-Sheng<br>HOU, Chih-Yuan | Father and Son<br>Father and Son | Note 1 |
| Bo-Chih Investment Co., Ltd. | | | Chairperson of the Company | - | - | - | - | Note 1 |
| Sheng-Yuan Investment Co., Ltd. | - | - | - | - | N/A | N/A | N/A | - |
| Represented by: HOU, Chih-Sheng | - | - | Ph.D, Electrical Engineering, Massachusetts Institute of Technology<br>MS/BS, Electrical Engineering, Biomedical Informatics, Stanford University | ◆ Director, Tainan Spinning<br>◆ Director, UCC Investment<br>◆ Supervisor, Huan-Chung International<br>◆ Supervisor, Lio-Ho Machine Works<br>◆ Director, Institute of Information Industry | Chief Strategy Officer<br>Director | HOU, Bo-Yi<br>HOU, Chih-Yuan | Father and Son<br>Sibling | - |
| Yu-Sheng Investment Co., Ltd. | - | - | - | - | N/A | N/A | N/A | - |
| Represented by: HOU, Chih-Yuan | - | - | BA, Political Science, Columbia University<br>AM, East Asia Studies, Harvard University | ◆ Director, Tainan Spinning<br>◆ Director, UCC Investment<br>◆ Director, Huan-Chung International<br>◆ Director, Lio-Ho Machine Works<br>◆ Director, Grand Bills Finance<br>◆ Director, CHC Resources<br>◆ Director, Nantex Industry | Chief Strategy Officer<br>Director | HOU, Bo-Yi<br>HOU, Chih-Sheng | Father and Son<br>Sibling | - |
| Hsin-Han Investment Co., Ltd. | - | - | - | - | N/A | N/A | N/A | Note 2 |
| Represented by: CHEN, Jing-Hsing | 629,850 | 0.08% | MBA, University of Michigan. | ◆ Manager, IT department, President Corporation. | N/A | N/A | N/A | - |
| CHAN, Yi-Jen | - | - | PhD/EECS, The University of Michigan, Ann Arbor, USA | ◆ Chief Technology Officer and Executive Director, Cyntec Co., Hsinchu, Taiwan<br>◆ Chairperson, Power Forest Technology<br>◆ Independent Director, Excelliance MOS | N/A | N/A | N/A | - |
| HO, Felix | - | - | MBA, Sloan School of Management, Massachusetts Institute of Technology | ◆ Chairperson, YFY Consumer Products Inc.<br>◆ Chairperson, Arizon RFID Technology (Cayman)<br>◆ Chairperson, Foongtone Technology<br>◆ Chairperson, Ever Growing Agriculture Bio-tech<br>◆ Chairperson, Yuen Foong Shop Co., Ltd.<br>◆ Chairperson, Yuen Foong Co., Ltd. | N/A | N/A | N/A | - |
| WANG, Yong-Chun | - | - | Bachelor, Dept. of Law, China Culture University | ◆ Managing Attorney, Ning-yuan Law Firm | N/A | N/A | N/A | - |
| SU, Yen-Hsueh | - | - | Master degree in Industrial Administration from Carnegie Mellon University | ◆ Independent Director, TXC Corporation<br>◆ Independent Director, Eslite Spectrum<br>◆ Director, SpotFilms<br>◆ Independent Non-executive Director, Cowell e Holdings, HK | - | - | - | - |
| YEN, Jeffry | - | - | Global Master of Business Administration from Southern Taiwan University of Science and Technology | ◆ Chairperson & CEO, McCTill<br>◆ Director, Pasta & Co.<br>◆ Deputy Chief Executive Officer, Long Yen Foundation<br>◆ Deputy Chief Executive Officer, Unicell Biotechnology<br>◆ Chairperson, Yen's Investment Enterprise | - | - | - | - |

Note 1. The chairperson of the Company has been elected director as a juristic person on June 16, 2023. Hence, was disclosed separately. Nevertheless, the disclosure of executives, directors and managers who are spouses or kinship within second degree of the chairperson was still based on the degree of kinship of the Chairperson of Bo-Chih Investment Co., Ltd. The Company has added one additional seat of independent director for compliance with applicable regulations.
Note 2. The term of this seat is ended on June 15, 2023.
Note 3. Tenure of the 23rd Term Board: June 15, 2020 to June 15, 2023. Tenure of the 24th Board: June 16, 2023 to June 15, 2026.

Major Shareholders of Institutional Shareholders (2024.4.26)

| Name of Institutional Shareholder | Main Shareholder of Institutional Shareholder | |
|---|---|---|
| | Name | Holding Ratio |
| Sheng-Yuan Investment Co., Ltd. | HOU, Bo-Yi | 99.00% |
| Bo-Chih Investment Co., Ltd. | HOU, Bo-Yi | 50.00% |
| Yu-Sheng Investment Co., Ltd. | HOU, Bo-Yi | 93.59% |
| Hsin-Han Investment Co., Ltd. | CHEN, Jing-Hsing | 99.00% |

### 3.2.1.1 Profile of Directors

| Name \ Qualification | Professional qualification and Experience | Independence Status | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Directors |
|---|---|---|---|
| Chairperson | | | |
| Bo-Chih Investment Co., Ltd. Represented by: HOU, Bo-Yi | Since Bo-Chih Investment appointed Mr. Hou, Bo-Yi to take office of Chairperson of the Board, Mr. Hou has led the Company through the most profitable times in the history of the Company. Despite that Bo-Chih Investment was re-elected as juristic person on June 16 of 2024, the operation team of Bo-Chih Investment, led by Mr. Hou, remains an important asset to the operation of the Company. Mr. Hou is also on the Board of Tainan Spinning, Prince Housing & Development, and STUST. Mr. Hou has leveraged his abundant experience in business administration and steered the operation of the Company with steady growth and kept supervising long-term development goal when the global community is facing impact both socially and economically. Under his leadership, the footprint of the Company has extended to fields of application of electronics in medical industry, multinational development alliance of building material business and vitalization idle asset to create higher profit for the investors. Mr. Hou does not possess any of the conditions listed by Article 30 of Company Act. | Not Required | None |
| Director | | | |
| Sheng-Yuan Investment Co., Ltd. Represented by: HOU, Chih-Sheng | Dr. Hou, Chih-Sheng has a PhD. Degree in Electronic Engineering from MIT, USA, Master and bachelor's degree in Electronic Engineering from Stanford and is the current President of the Company. Dr. Hou was also previously working in Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute. Dr. Hou and his research team had receiver Edison Awards and R&D 100 Awards due to their outstanding research. Dr. Hou recognize high efficiency and accountability as the core of his believe in terms of the management of business and thus keep the Company in the leading positions in terms of the profitability among our peers in the industry in addition to his continuous effort in innovations and steady growth. Dr. Hou does not possess any of the conditions listed by Article 30 of Company Act. | Not Required | None |
| Yu-Sheng Investment Co., Ltd. Represented by: HOU, Chih-Yuan | Mr. Hou, Chih-Yuan holds a master's degree in East Asia Study from Harvard University, a bachelor's degree in political science from Columbia University. Mr. Hou is currently the Chief Operating Officer of the Company and President of Harvard Club of the R.O.C., and also sits on the Board of Tainan Spinning Ltd., Nantex Industry Co. Ltd., and CHC Resource Co., Ltd. Mr. Hou is in charge of marketing of the Company and dedicated in expanding customer base. Since Mr. Hou took office, he has led to the growth of revenue of our building material sector and continued expanding market share domestically. Mr. Hou does not possess any of the conditions listed by Article 30 of Company Act. | Not Required | None |
| Hsin-Han Investment Co., Ltd. Represented by: CHEN, Jing-Hsing | Mr. Chen, Jing-Hsing holds an MBA degree from Michigan University and another master's degree in computer science from George Washington University. Mr. Chen was the Chief of IT in President Enterprise and a key member of the modernization of infrastructure of the group in the field of ERP, CRM and management of supply chain. Since his presence in President in 1984, Mr. Chen has participated in several multinational business negotiations and a core member in the project of merger with Starbucks. In the meantime, Mr. Chen has also acquired abundant experience in real estate and led the team of performance enhancement in Prince Housing & Development. Mr. Chen can contribute to growth of the Company with his versatile and abundant experience in IT, international M&A, and real estate. Mr. Chen does not possess any of the conditions listed by Article 30 of Company Act. | Not Required | None |

Independent Director

| | | | | |
|---|---|---|---|---|
| | CHAN, Yi-Jen | Dr. Chan is currently the Managing Director and Chief Officer of Technology of Cyntec Co., Ltd., a Delta Group Company, and held the office of Chief Officer of Strategy of Hermes-Epitek Corp. from 2016 to 2018 and office of CEO of EPISIL Holding Inc. from 2013 to 2016. Dr. Chan is the renowned expert of high-speed and power semiconductor and contributes to the governance of the enterprise with his abundant experience in strategical planning. During his time serving as independent director, he also assists in cooperation between the electronic production section of the Company and internationally renowned manufacturers. Dr. Chan does not possess any of the conditions listed by Article 30 of Company Act. | All independent directors of the Company are verified to comply with the independency requirement stipulated by Art. 3 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” | None |
| | HO, Felix | Mr. Ho is currently the Chairperson of YFY Consumer Products Co. Ltd. and has served in Kearney and former Citigroup Salomon Brothers. Mr. Ho has held various executive positions within the group of YFY, including Chairperson of YFY Holdings, Acting Chairperson of E-Ink Technology and Vice Chairperson of SinoPac Bank. Mr. Ho contributes to the Board with his expertise in operation management, financing, corporate governance and expansion of oversea business. Mr. Ho does not possess any of the conditions listed by Article 30 of Company Act. | | None |
| | WANG, Yong-Chun | Mr. Wang is a licensed attorney in Taiwan with abundant experience in practice of law. Mr. Wang does not possess any of the conditions listed by Article 30 of Company Act. | | None |
| | SU, Yen-Hsueh | Ms. Su served at ABN AMRO and UBS as Asia-Pacific Chief Analyst in technology industry before she was appointed the first Chief Investment Officer in ASUSTek in 2004. Ms. Su spearheaded the ASUStek and Pegatron restructuring in 2009 and retired from Pegatron as senior VP for investment and business development in 2013. Ms. Su’s abundant experience in technology industry and investment and merger can offer the Company with her visionary advice. Ms. Su does not possess any of the conditions listed by Article 30 of Company Act. | | 2 |
| - | YEN, Jeffry | Mr. Yen is the founder and Chairperson of McCTILL Co., Ltd., but before the venture in the beauty industry, he was a successful serial entrepreneur who invested in startups, biotech industry, new media company and food & beverage industry. He is currently the CEO of McCTILL, Vice President of Long Yen Foundation and also consults for many companies. Mr. Yen , by joining the Board, contributes his expertise in innovation and creativity, business strategy, business operation, brand marketing strategy, strategic thinking & foresight, leadership and team management, corporate governance, international business, financial management, to increase the diversity of the Board. Mr. Yen does not possess any of the conditions listed by Article 30 of Company Act. | | None |

3.2.1.2 Diversity and independence of the Board

3.2.1.2.1 Diversity of the Board

It is stipulated in Art. 20.3 of "Corporate Governance Best Practice Principles of UCCTW" that it is the duty of the Company to ensure the diversity of the Board of the Company. It is fully considered, upon selection of current term of Director, namely 24$^{th}$ term and the same for the rest unless stated otherwise, that candidates of the Board possess diversified backgrounds stipulated by the rule cited above to ensure the diversity goal of the Board are met.

The Board consists of 7 members including 1 director as juristic person and 4 independent directors, two of which was reelected while the rest are new to the Board. As to the age structure of the Board, 1 which is within range of 61 to 70, 1 of which is within range of 51 to 60, 2 of which is within range of 41 to 50 while the rest of the 2 is within range of 31 to 40. It is the first time the Board invites female professional to join the 24th term of the Board. The Company endeavor enhance gender diversity of the members to the Board in accordance with policy by government authority. In addition to possessing knowledge in the professions required by the operation of the Company, the Board also equipped with diversified background in finance, marketing, investment and other professional fields which would benefit the governance of the Company and strengthen the management of operation, supervision, and evaluation of execution of managerial policy and operation strategy.

3.2.1.2.2 Independence of the Board

The Board consists of 7 members including 4 independent directors. All of the Board and the composition of which is qualified for the independence requirement pursuant to sec. 3 and sec. 4 of Art. 26-3 of Securities and Exchange Act.

3.2.2 Profile of President, Vice Presidents, Assistant Vice Presidents and the chief of divisions and branches of the Company (2024.3.12)

| Position | Nationality | Name | Gender | Date of Appointment | Share Held | | Share held by spouse and under-aged children | | Share held under name of third-party | | Professional experience and Education | Other position held in the Company or Other Company | Manager who are spouses or kinship within second degree | | | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Share | Ratio | Share | Ratio | Share | Ratio | | | Position | Name | Relation | |
| President | R.O.C. | HOU, Chih-Sheng | Male | 2020.7.1 | 120,396 | 0.02% | - | - | - | - | Ph.D, Electrical Engineering, Massachusetts Institute of Technology<br>MS/BS, Electrical Engineering, Biomedical Informatics, Stanford University | Director, Tainan Spinning<br>Director, UCC Investment<br>Supervisor, Huan-Chung International<br>Supervisor, Lio-Ho Machine Works<br>Director, Institute of Information Industry | Chief Strategy Officer<br>Chief Operating Officer | HOU, Bo-Yi<br>HOU, Chih-Yuan | Father and Son<br>Sibling | - |
| Chief Operating Officer | R.O.C. | HOU, Chih-Yuan | Male | 2023.7.1 | 51,582 | 0.005% | - | - | - | - | BA, Political Science, Columbia University<br>AM, East Asia Studies, Harvard University | Director, Tainan Spinning<br>Director, UCC Investment<br>Director, Huan-Chung International<br>Director, Lio-Ho Machine Works<br>Director, Grand Bills Finance<br>Director, CHC Resources<br>Director, Nantex Industry | Chief Strategy Officer<br>President | HOU, Bo-Yi<br>HOU, Chih-Sheng | Father and Son<br>Sibling | - |
| Chief of Auditing | R.O.C. | CHIANG, Hai-Wei | Female | 2018.8.20 | - | - | - | - | - | - | Dept. of Accounting, National Kaohsiung University of Applied Sciences | - | - | - | - | - |
| Vice President, Management Division Cement Division | R.O.C. | YANG, Tsung-Jen | Male | 2009.3.1 | - | - | - | - | - | - | Dept. of Economics, China Culture University | Director, Lio-Ho Machine Works<br>Supervisor, UCC Investment<br>Director, Universal RMC Industry<br>Director, Huan-Chung International<br>Chairperson, Chiayi RMC Industry | - | - | - | - |
| Vice President, Building Material Division | R.O.C. | KAO, Tsung-Yao | Male | 2023.7.1 | - | - | - | - | - | - | Dept. of Chemical Engineering, Nan-Tai Junior College of Engineering | Director, Tainan MC Industry<br>Supervisor, Universal RMC Industry | - | - | - | - |
| Asst. VP, Finance Division | R.O.C | TSAI, Wen-Chang | Male | 2024.1.1 | - | - | - | - | - | - | M.S., National Taiwan University | - | - | - | - | - |
| Asst. VP, Procurement Division | R.O.C. | HUANG, Lin-Tien | Male | 2023.10.16 | - | - | - | - | - | - | Dept. of Business Administration, Tamkang University | - | - | - | - | - |
| Asst. VP, Office of President | R.O.C. | CHANG, Pei-Te | Male | 2022.4.1 | - | - | - | - | - | - | Dept. of Finance, National Taiwan University | Supervisor, Tainan RMC Industry | - | - | - | - |
| Chief Supervisor, Ready-mixed Concrete Division | R.O.C. | CHOU, Shih-Kuei | Male | 2019.8.1 | - | - | - | - | - | - | Dept. of Chemistry, National Cheng-Kung University | Chairperson, Universal RMC Industry<br>Chairperson, Tainan RMC Industry<br>Director, Chiayi RMC Industry | - | - | - | - |
| Chief Plant Manager, Ready-mixed Concrete Division | R.O.C. | LU, Chin-Yuan | Male | 2020.1.1 | - | - | - | - | - | - | Dept. of Occupational Safety and Health, Chang Jung Christian University | Director, Universal RMC Industry<br>Director, Tainan RMC Industry<br>Supervisor, Chiayi RMC Industry | - | - | - | - |
| Plant Manager, Alian Cement Plant | R.O.C. | CHEN, Heng-Chuan | Male | 2019.8.1 | - | - | - | - | - | - | Master, Institute of Earth Sciences, National Taiwan Ocean University | Supervisor, Kaohsiung Pier Transportation Co., Ltd. | - | - | - | - |
| Plant Manager, Haihu Gypsum Board Plant | R.O.C. | WU, Chong-Lun | Male | 2020.11.1 | - | - | - | - | - | - | Dept. of Marine Engineering, China Maritime College | - | - | - | - | - |
| Plant Manager, Luzhu Gypsum Board Plant | R.O.C. | CHI, Jui | Male | 2018.11.26 | - | - | - | - | - | - | Dept. of Chemical and Engineering, National Central University | - | - | - | - | - |
| Director, Accounting Division | R.O.C. | TSENG, Pei-Hsin | Female | 2019.5.1 | - | - | - | - | - | - | Dept. of Accounting, Ming-Chuan University | - | - | - | - | - |

## 3.3 Remuneration of Directors, President, and Vice Presidents

### 3.3.1 Remuneration of Directors and Independent director (Unit: NT$ thousands)

| Position | Name | Remuneration | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | | Remuneration Received by Directors as Employees | | | | | | | | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) | | Remuneration from ventures other than subsidiaries or from the parent company (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Compensation (A) | | Severance Pay (B) | | Directors Compensation(C) | | Allowances (D) | | | | Salary, Bonuses, and Allowances (E) | | rance Pay (F) | | Employee Compensation (G) | | | | | | |
| | | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | | All companies in the consolidated financial statements | | The company | All companies in the consolidated financial statements | |
| | | | | | | | | | | | | | | | | Cash | Stock Value in Cash | Cash | Stock Value in Cash | | | |
| Chairperson<br>Director<br>Director<br>Director | Bo-Chih Investment Co., Ltd.<br>Represented by: HOU, Bo-Yi<br>Sheng-Yuan Investment Co., Ltd.<br>Represented by: HOU, Chih-Sheng<br>Yu-Sheng Investment Co., Ltd.<br>Represented by: HOU, Chih-Yuan<br>Hsing-Han Investment Co., Ltd.<br>Represented by: CHEN, Jing-Hsing | 0 | 0 | 0 | 0 | 42,971 | 42,971 | 2,890 | 2,890 | 45,860 (2.18%) | 45,860 (1.95%) | 25,831 | 25,831 | 33 | 33 | 4,680 | 0 | 4,680 | 0 | 76,404 (3.62%) | 76,404 (3.26%) | None |
| Independent Director | CHAN, Yi-Jen<br>HO, Felix<br>WANG, Yong-Chun<br>SU, Yen-Hsueh<br>YEN, Jeffry | 0 | 0 | 0 | 0 | 0 | 1,690 | 1,690 | 1,690 (0.08%) | 1,690 (0.07%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,690 (0.08%) | 1,690 (0.07%) | 0 | |

| Range of Remuneration | Name of Directors | | | |
|---|---|---|---|---|
| | Total of (A+B+C+D) | | Total of (A+B+C+D+E+F+G) | |
| | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements (I) |
| Less than NT$ 1,000,000 | CHAN, Yi-Jen, HO, Felix, WANG, Yong-Chun, SU, Yen-Hsueh, YEN, Jeffry | CHAN, Yi-Jen, HO, Felix, WANG, Yong-Chun, SU, Yen-Hsueh, YEN, Jeffry | CHAN, Yi-Jen, HO, Felix, WANG, Yong-Chun, SU, Yen-Hsueh, YEN, Jeffry | CHAN, Yi-Jen, HO, Felix, WANG, Yong-Chun, SU, Yen-Hsueh, YEN, Jeffry |
| NT$ 1,000,000 ~ NT$ 1,999,999 | | | | |
| NT$ 2,000,000 ~ NT$ 3,499,999 | CHEN, Jing-Hsing | CHEN, Jing-Hsing | CHEN, Jing-Hsing | CHEN, Jing-Hsing |
| NT$ 3,500,000 ~ NT$ 4,999,999 | | | | |
| NT$ 5,000,000 ~ NT$ 9,999,999 | HOU, Chih-Sheng, HOU, Chih-Yuan | HOU, Chih-Sheng, HOU, Chih-Yuan | | |
| NT$ 10,000,000 ~ NT$ 14,999,999 | | | | |
| NT$ 15,000,000 ~ NT$ 29,999,999 | HOU, Bo-Yi | HOU, Bo-Yi | HOU, Chih-Sheng, HOU, Chih-Yuan | HOU, Chih-Sheng, HOU, Chih-Yuan |
| NT$ 30,000,000 ~ NT$ 49,999,999 | | | HOU, Bo-Yi | HOU, Bo-Yi |
| NT$ 50,000,000 ~ NT$ 99,999,999 | | | | |
| Greater than or equal to NT$ 100,000,000 | | | | |
| Total | 9 | 9 | 9 | 9 |

3.3.2 Remuneration of President and Vice President (Unit: NT$ thousands)

| Position | Name | Salary(A) | | Pensions(B) | | Reward and Allowance etc. (C) | | Employees bonus from Distributable Earnings (D) | | | | Total Amount (A+B+C+D)/Net Income | | Remuneration from ventures other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements | The Company | | All companies in the consolidated financial statements | | The Company | All companies in the consolidated financial statements | |
| | | | | | | | | Cash | Stock Value in Cash | Cash | Stock Value in Cash | | | |
| President | HOU, Chih-Sheng | 9,983 | 9,983 | 206 | 206 | 10,618 | 10,618 | 3,170 | 0 | 3,170 | 0 | 23,977 (1.14%) | 23,977 (1.02%) | None |
| Chief Operating Officer | HOU, Chih-Yuan | | | | | | | | | | | | | |
| Vice President | YANG, Tsung-Jen | | | | | | | | | | | | | |
| Vice President | KAO, Tsung-Yao | | | | | | | | | | | | | |

| Range of Remuneration | Name of president and vice president | |
|---|---|---|
| | Total of (A+B+C) | |
| | The Company | Companies in the consolidated financial statements (D) |
| Less than NT$ 1,000,000 | | |
| NT$ 1,000,000 ~ NT$ 1,999,999 | | |
| NT$ 2,000,000 ~ NT$ 3,499,999 | YANG, Tsung-Jen , KAO, Tsung-Yao | YANG, Tsung-Jen , KAO, Tsung-Yao |
| NT$ 3,500,000 ~ NT$ 4,999,999 | | |
| NT$ 5,000,000 ~ NT$ 9,999,999 | HOU, Chih-Sheng , HOU-Chih-Yuan | HOU, Chih-Sheng , HOU, Chih-Yuan |
| NT$10,000,000 ~ NT$14,999,999 | | |
| NT$15,000,000 ~ NT$29,999,999 | | |
| NT$30,000,000 ~ NT$49,999,999 | | |
| NT$50,000,000 ~ NT$99,999,999 | | |
| Greater than or equal to NT$ 100,000,000 | | |
| Total | 4 | 4 |

3.3.4 Employees Remuneration to Managers (Unit: NT$ thousands, 2024.3.12)

| | Position | Name | Stock Value in Cash | Cash | Total | Total Amount/Net Income(%) |
|---|---|---|---|---|---|---|
| Managers | Chief Strategy Officer | HOU, Bo-Yi | - | 5,387 | 5,387 | 5,387 (0.26%) |
| | President | HOU, Chih-Sheng | | | | |
| | Chief Operating Officer | HOU, Chih-Yuan | | | | |
| | Vice President, Management Division | YANG, Tsung-Jen | | | | |
| | Vice President, Building Material Division | KAO, Tsung-Yao | | | | |
| | Chief Supervisor, Ready-mixed Concrete Division | CHOU, Shih-Kuei | | | | |
| | Asst. VP, Procurement Division | HUANG, Lin-Tien | | | | |
| | Asst. VP, Finance Division | TSAI, Wen-Chang | | | | |
| | Asst. VP, Office of President | CHANG, Pei-Te | | | | |
| | Director, Accounting Division (Chief of Accounting) | TSENG, Pei-Hsin | | | | |

3.3.5 Analysis on the Remuneration received by Director, President, and Vice President

1. Ratio of Total Compensation received by Director (Independent Director), President, and Vice President to Net Income in recent 2 fiscal years:

   The ratio for year of 2023 was 3.74% (comparing to Net Income of the Company) and 3.36%(comparing the Net Income of all companies in consolidated financial report). The ratio for year of 2022 was 3.17% (comparing to Net Income of the Company) and 3.17% (comparing the Net Income of all companies in consolidated financial report).

2. Connections between Policy, Criteria & Package for Remuneration Paid, Process of Decision and Operation Performance & Future Risk:

(1) Pursuant to Article 29 of the Article of Association of the Company, all directors of the Company is entitled to remuneration for execution of its duty which shall be decided according to the contribution to the Company. The remuneration for Chairperson and Vice Chairperson and Directors shall be decided by considering the level or peer company of the same industry, contribution of the directors and future risk of the Company. In addition, Article 33 of the Article of Association also provides that the Board is authorized to appropriate a remuneration of no higher than 3% of net profit for directors for the year with net profit. Such Remuneration is to be paid in cash only.

(2) Pursuant to Article 29 of Company Act and Article 31 of Article of Association of the Company, the Board authorize the President and Vice President to oversee the business of the Company, whose remuneration was decided by consideration of individual performance and contribution the comprehensive operation performance of the Company

and market level of similar position.

(3) Policies illustrated in (1) (2) above is in compliance with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" and submitted to Remuneration Committee for deliberation. The deliberation of which includes remuneration and bonus. The remuneration of managers are evaluate by taking into consideration the title, ranking, education achievement, professional knowledge and duty; whereas, the bonus awarded to directors or managers are recommended by considering the performance includes financial performances indicators, revenue of the Company, achievement rate of profit before and after tax, and non-financial performance indicators, the implementation of the core value of the Company, operation management, participation in continuing education and sustainable operation. The remuneration committee will then advise on the remuneration based on the indicators above.

(4) The remuneration of employee is decided by considering individual ability, contribution to the Company, performance, market level for equivalent position and future risk of the Company and should be positively co-related to performance of the Company. Pursuant to Article of the Company, the Company shall appropriate amount no less than 1% of net profit for remuneration to employee for fiscal years that generates net profit. The combination of remuneration of employee includes basic salary, bonus, and benefits. The basic salary is decided according to market level for equivalent position whereas the bonus is decided in connection with achievement of individual employee and the department associated with as well as the performance of the Company. The benefits are designed pursuant to applicable law and by consideration of the needs of the employee.

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## 3.4 Implementation of Corporate Governance

### 3.4.1 Board of Directors

There are 8 meetings of the Board held in 2023. Directors' attendance is reported as follows:

| Position | Name | Attendance | | Attendance Rate | Remark |
|---|---|---|---|---|---|
| | | In Person | By Proxy | | |
| Chairperson | Bo-Chih Investment Co., Ltd. Represented by: HOU, Bo-Yi | 3 | 0 | 100% | The tenure of this seat of Director is expired on June 15, 2023. |
| Chairperson | Bo-Chih Investment Co., Ltd. | 5 | 0 | 100% | This seat was newly elected on June 16, 2023. |
| Director | Sheng-Yuan Investment Co., Ltd. Represented by: HOU, Chih-Sheng | 8 | 0 | 100% | |
| Director | Yu-Sheng Investment Co., Ltd. Represented by: HOU, Chih-Yuan | 8 | 0 | 100% | |
| Director | Hsing-Han Investment Co., Ltd. Represented by: CHEN, Jing-Hsing | 3 | 0 | 100% | The tenure of this seat of Director is expired on June 15, 2023. |
| Independent Director | CHAN, Yi-Jen | 8 | 0 | 100% | |
| Independent Director | HO, Felix | 8 | 0 | 100% | |
| Independent Director | WANG, Yong-Chun | 3 | 0 | 100% | The tenure of this seat of Director is expired on June 15, 2023. |
| Independent Director | SU, Yen-Hsueh | 5 | 0 | 100% | This seat was newly elected on June 16, 2023. |
| Independent Director | YEN, Jeffry | 5 | 0 | 100% | This seat was newly elected on June 16, 2023. |
| Note: The Board is entirely re-elected on June 16, 2023. | | | | | |

Other matters that require reporting：

1. Please specify the date of meeting of the Board, term, content of the resolution, all statement made by independent directors and how the Company respond to such statement for following occasions,

(1) Items listed in the Article 14-3 of the Securities Exchange Act:

| Date and Sequence of Meeting | Proposal | Opinion of Independent Directors | Measure taken by the Company |
|---|---|---|---|
| 2nd meeting of the 24th Board<br>June 29, 2023 | 1. Appointment of Executives<br>2. Appointment of Chief Operating Officer<br>3. Waiver of non-competition against manager. | Approved by all independent directors unanimously. | Proceed in accordance with the resolution. |
| 3rd meeting of the 24th Board<br>June 29, 2023 | 1. Review of remuneration of executives<br>2. Review of remuneration of the Chairperson and the Board | Approved by all independent directors unanimously. | Proceed in accordance with the resolution. |
| 5th meeting of the 24th Board<br>Nov. 9, 2023 | 1. Appointment of Chief Financial Officer | Approved by all independent directors unanimously. | Proceed in accordance with the resolution. |

(2) Other than the aforementioned, any resolution to which the independent hold opposing position against or reservation and were recorded or made recorded in written: None.

2. In the case where a director needs to recuse himself/herself, please specify the name of the director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution:

| Date of Meeting | Proposal | Name of Directors recursed | Reason to recuse | Result of Vote |
|---|---|---|---|---|
| June 29, 2023 | Appointment of members of Remuneration Committee | CHAN, Yi-Jen, HO, Felix, SU, Yen-Hsueh | Conflict of interest. | Resolved with unanimous approval by all directors presented. |
| June 29, 2023 | Appointment of Executives | HOU, Bo-Yi (appointed by Bo-Chih Investment), HOU, Chih-Sheng, HOU, Chih-Yuan | Conflict of interest of directors theirselves or kinship within second degree. | Resolved with unanimous approval by all directors presented. |
| | Appointment of Chief Operating Officer | | | |
| | Waiver of non-competition against manager. | | | |
| | Review of remuneration of executives | | | |
| | Review of remuneration of the Chairperson and the Board | | | |
| June 29, 2023 | Review of remuneration of independent directors and members of Audit Committee | CHAN, Yi-Jen, HO, Felix, SU, Yen-Hsueh, YEN, Jeffry | Conflict of interest. | Resolved with unanimous approval by all directors presented. |

3. The implementation of the peer evaluation of the Board :

| Evaluation frequency | Evaluated period | Evaluation scope | Evaluation method |
|---|---|---|---|
| Annually | 2023.1.1~2023.12.31 | The Board and members of Functional Committees | Peer-evaluation |
| Item evaluated: | 1. Participation of operation of the Company;<br>2. Awareness of the goal and mission of the Company;<br>3. Enhancing the quality of decision-making of the Board or Committees;<br>4. Awareness of the duty of the Board or the committees;<br>5. Composition and Structure of the Board or the Committees;<br>6. Selection of the members of the Board or Committees and continuous training;<br>7. Management of internal networking and communication;<br>8. Internal Control. | | |

4.Measures taken to strengthen the function of the Board：N/A.

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### 3.4.2 Operation of Auditing Committees

1. Operation of Auditing Committees

There are 6 meetings of the Auditing Committees held in 2023. Members' attendance is reported as follows:

| Name | Attendance | | Attendance Rate | Remark |
|---|---|---|---|---|
| | In Person | By Proxy | | |
| CHAN, Yi-Jen | 6 | 0 | 100% | |
| HO, Felix | 6 | 0 | 100% | |
| WANG, Yong-Chun | 3 | 0 | 100% | The tenure of this seat is expired on June 15, 2023. |
| SU, Yen-Hsueh | 3 | 0 | 100% | This seat was newly elected on June 16, 2023. |
| YEN, Jeffry | 3 | 0 | 100% | This seat was newly elected on June 16, 2023. |
| Note: The Board was entirely re-elected on June 16, 2023. All independent directors are appointed as members of Audit Committee by default. | | | | |

Other matters that require reporting：

1. Please specify the date of Auditing Committee meeting, term, content of the resolution, all statement made by members and how the Company respond to such statement for following occasions,

(1) Report required pursuant to Article 14-5 of Security Exchange Act：

| Term/ Date | Content of the Resolution | Resolution of the Committee | Measure taken by the Company |
|---|---|---|---|
| 13th meeting of 2nd Audit Committee On Mar. 16, 2023 | 1. Financial Report for year of 2022 | Resolved with unanimous approval by all members presented and advised to submit to the Board. | Proceed in accordance with the resolution. |
| 1st meeting of 3rd Audit Committee On June 29, 2023 | 1. Appointment of Executives<br>2. Appointment of Chief Operating Officer<br>3. Waiver of non-competition against manager. | Resolved with unanimous approval by all members presented and advised to submit to the Board. | Proceed in accordance with the resolution. |
| 3rd meeting of 3rd Audit Committee On Nov. 9, 2023 | 1. Appointment of Chief Financial Officer | Resolved with unanimous approval by all members presented and advised to submit to the Board. | Proceed in accordance with the resolution. |

(2) Except for the aforementioned, any matters not passed by the committee and was resolved by the Board with approval of two-third members of the Board: None.

2. In case of recusal of Independent Directors due to conflict of Interest, please specify the name of the independent director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution: None.

3. Communication between the Independent Directors and Chief of Internal Audit / CPA:

(1) At least an audit report per month with following up is submitted to the members of the committee for review.

(2) Chief of Internal Audit and Auditors has both attended meetings of the committee to report on the implementation of Internal Audit, method adopted by the CPA during auditing and its scope, material adjustment and explanation thereof in order to maintain effective communication with independent directors.

(3) The Company has called on respectively independent meeting between independent directors and Chief of Internal Audit and Auditors. Summary of the meetings are as following:

| Date | Topic | Participants | Items discussed | Result |
|---|---|---|---|---|
| Mar. 16, 2023 | Communication – Summary on Audit of | CHAN, Yi-Jen, Independent Director HO, Felix, | Summary report on the audit result for 2022:<br>● Summary of error audited. | Independent Directors unanimously hold no objection to matters |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | Financial Report | Independent Director WANG, Yong-Chun, Independent Director LEE, Chi-Chen, CPA | ● Audit result on significant risk<br>● Key auditing items for individual and consolidated financial report.<br>● Protocol governing pre-clearance of non-assurance services. | reported. | |
| | | Close meeting between independent directors and Chief of Auditing | CHAN, Yi-Jen, Independent Director HO, Felix, Independent Director WANG, Yong-Chun, Independent Director CHIANG, Hai-Wei, Chief of Auditing | Implementation of Audit conducted for Q4 of 2022 and discrepancies audited and remedial actions taken. | Independent Directors unanimously hold no objection to matters reported. | |
| | Nov. 9, 2023 | Communication – Planning of Audit of Financial Report | CHAN, Yi-Jen, Independent Director HO, Felix, Independent Director SU, Yen-Hsueh Independent Director YEN, Jeffry, Independent Director LEE, Chi-Chen, CPA | Summary report on Audit plan for 2023:<br>● Quality Management System by Auditors' Firm.<br>● Scope and method applied to audit consolidated companies and significant risk.<br>● Service Fee for Auditing.<br>● IFRS Sustainability Disclosure Standards.<br>● Key auditing items. | Independent Directors unanimously hold no objection to matters reported. | |
| | | Close meeting between independent directors and Chief of Auditing | CHAN, Yi-Jen, Independent Director HO, Felix, Independent Director SU, Yen-Hsueh Independent Director YEN, Jeffry, Independent Director CHIANG, Hai-Wei, Chief of Auditing | Implementation of Audit conducted for Q3 of 2023 and discrepancies audited and remedial actions taken. | Independent Directors unanimously hold no objection to matters reported. | |

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### 3.4.3 Compliance Status of Corporate Governance and Deviations from "Corporate Governance Best-Practice Principles for TWSE/ TPEx" and reasons thereof

| Evaluation Item | Compliance Status | | | Deviation from the Practice and reasons |
|---|---|---|---|---|
| | Y | N | Remark | |
| 1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"? | V | | The Company has adopted "Corporate Governance Best-Practice Principles" by reference to "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and disclosed on website of Market Observation Post System and the Company. | No major deviation identified. |
| 2. Shareholding structure & shareholders' rights | | | | |
| (1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? | V | | The Company has appointed spokesperson, deputy spokesperson and shareholders' affair unit to respond to advise and dispute raised by shareholders. | No major deviation identified. |
| (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? | V | | The Company keeps track of list of major shareholders and its controller and disclose regularly pursuant to applicable regulation. | No major deviation identified. |
| (3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure? | V | | The Company has established policies for managements and control of subsidiaries by specially appointed unit pursuant to Internal Control system, protocol and operation guidelines and relevant regulations. | No major deviation identified. |
| (4) Does the Company establish internal rules against insiders trading with undisclosed information? | V | | The Company has adopted "Procedure Dealing with Internal Material Information" to prevent insider from trading of securities by leveraging unpublished information. | No major deviation identified. |
| 3. Composition and Duties of the Board | | | | |
| (1) Does the Board develop and implement a diversified policy for the composition of its members? | V | | The Company has considered from various aspects during the nomination and selection of candidates of directors to assure the appointee possess qualities that would benefit the Company. | No major deviation identified. |
| (2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? | V | | In addition to setting up the Remuneration Committee and the Audit Committee in accordance with the law, the Company also voluntarily sets up Cyber Security Management Committee, Risk Management Committee, and Sustainable Development Committee. | No major deviation identified. |
| (3) Does the Company establish a standard to measure the performance of the Board, and implement it annually? | V | | The Company has conducted a peer evaluation among members of the Board and functional committees for the year of 2023. The result is reported on meeting of the Board on March 15, 2024. | No major deviation identified. |

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| (4) Does the Company regularly assess the independence of CPA certifying the financial report of the Company? | V | | Auditing Committee annually review the independence of the Auditors and submit its recommendation to the Board. Latest review was conducted and concluded on Mar. 16, 2023 by meeting of Auditing Committee and submitted to meeting of the Board on Mar. 16, 2023 and was approved.<br><br>Scope of evaluation includes,<br>1. Verified that Auditors are not related Party to the Company nor any Directors.<br>2. Rotation of Auditors in accordance with "The Bulletin of Norm of Professional Ethics for Certified. Public Accountant of the R.O.C. No. 10" and "International Code of Ethics for Professional Accountants" published by IESBA.<br>3. Acquiring clearance, including pre-clearance, by Auditing Committee on audit of annual financial reports and other services pursuant to Securities and Exchange Act and relevant regulations by IESBA.<br>4. Auditors should coordinates with Auditing Committee on the scope and methods applied to the auditing pursuant to TWSA 260.<br>5. Acquiring, periodically, Statement of Independence by Auditor.<br>6. Acquiring information of AQIs from Auditing firm and evaluating the quality of service by the Auditing firm by reference to "Guideline on Understanding of AQIs by Auditing Committee." | No major deviation identified. |
| 4. Does the Company establish specialized units or dedicated members and personnel responsible for corporate governance affairs, as well as carrying out key actions and reporting statuses (e.g. : including but not limited to provide the information that the Board request to perform their duties, ensuring the general affairs of the Board meetings and Annual General Shareholders' Meeting(AGM) are held in accordance with regulations, applying and changing of company registration, and taking meeting minutes for above meetings.) | V | | The Board has appointed Mr. YANG, Tsung-Jen to be the Chief Officer of Corporate Governance on its meeting on Aug. 11, 2020 effective from Jan. 1, 2021. | No major deviation identified. |

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| 5. Does the Company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities? | V | | The Company has appointed Spokesman and deputy spokesperson. Relevant information has been disclosed on MOPS pursuant to applicable regulations. To maintain good communication with our investors, we also publish financial information and matters regarding shareholding. A bulletin for stakeholders has been established on the corporate website. | No major deviation identified. |
| 6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs? | V | | The Company has delegated the shareholder service to a professional service agency - Department of Stock Agency, SinoPac Securities, effective from Apr. 8, 2021. | No major deviation identified. |
| 7. Information Disclosure<br>（1） Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?<br>（2） Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?<br>（3） Does the Company publish and file annual financial report within two months after the end of fiscal year and quarterly financial report and monthly operation report for first three quarters, respectively, prior to the deadline pursuant to relevant regulations? | V | | The Company had designated personnel responsible for collections and publications of various information pursuant to applicable regulations as well as information regarding Spokesman. Investors can access to financial, business operation, and corporate governance information on MOPS website. | No major deviation identified. |
| 8. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | V | | 1. Benefit and Care for Employee: The Company has always led the employee with integrity and establish close bond with employee with various benefits and on-job training. For more implementation, please view the corporate website: “Sustainable Development” → “Employee Benefit Measures.”<br><br>2. Investor Relationship: The Company has appointed Spokesman and deputy spokesperson. The Company has endeavored to maintain effective communication with investors via | No major deviation identified.<br><br>No major deviation identified. |

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| | | | full disclosure of information on MOPS website and participation on AGM. For more implementation, please review the corporate website: “Investors’’.<br><br>3. Supplier Relationship: The Company and its supplier maintain good relationship to ensure competitive and stable supply for the Company. In addition, we dedicate to building healthy partnership with reciprocal dynamics to maintain a reliable chain of supply. The Company also conducts ad hoc auditing on the supplier to ensure the quality of supply. For more implementation, please view the corporate website: “Corporate Governance” → “Supplier management.”<br><br>4. Rights of Stakeholders:<br>(1) For Customers：The Company supplies products with safety as well as superb quality, values the feedback from clients and take prompt actions on complaint from clients to ensure satisfactory result.<br>(2) For shareholders: It is the goal to safeguard the rights of shareholder. For more implementation, please view the corporate website: “Sustainable Development” → “Stakeholders.”<br><br>5. Training for Directors: The Company encourages directors to participate trainings offered by qualified institutions as individual directors sees the topic complies with the need and also offer suggestions to directors and help organizing as needed. For more implementation, please review the corporate website: “Corporate Governance” → “Board of Directors.”<br><br>6. Risk Management and implementation: The Company has implemented “Guidelines of Standard for Risk Management and Evaluation” for management and evaluation of various type of risks. For the full policies and strategies, please view the corporate website: “Corporate Governance” → “Risk | <br><br><br><br><br><br>No major deviation identified.<br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br>No major deviation identified.<br><br><br><br><br><br><br><br><br><br><br><br><br><br><br><br>No major deviation identified.<br><br><br><br><br><br><br><br><br><br><br><br><br>No major deviation identified. |

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| | | | Management."<br>7. Customer Management Policy：The Company has implemented a credit allowance system for each clients, maintain a comprehensive records of transactions with each clients to decide appropriate credit and payment terms to ensure smooth transaction. The Company also follow ISO quality assurance system during production to ensure the compatibility with product standard as well as the interest of the client and consumer. It is also the top priority of the Company to enhance the protection on the privacy of the client with random internal audit to make sure all measures remain effective. For the full policies and strategies, please view the corporate website: "Corporate Governance" → "Risk Management."<br>8. Insurance for Directors: The Board has approved on May 15, 2023, to insure the Board for its liability during executing its duty. | No major deviation identified.<br><br>No major deviation identified. |
| 9. Base on the result of "Corporate governance Evaluation" announced by TWSE (Taiwan Stock Exchange Corporation) in recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven't been improved: Pursuant to the evaluation result for 2023 Evaluation on Corporate Governance published by TWSE, the Company will take into account the result and evaluate and form action plans for improvement. | | | | |

### 3.4.4 The Composition, Duty, and Implementation Status of the Remuneration Committee

1. Profile of Members of the Remuneration Committee (2024.04.26)

| Qualification / Identity | Name | Professional Qualification and Experience | Independence | Number of Companies in which the member served as member of Remuneration Committee |
|---|---|---|---|---|
| Independent Director, Chairperson | HO, Felix | Mr. Ho is currently the Chairperson of YFY Consumer Products Co. Ltd. and has served in Kearney and former Citigroup Salomon Brothers. Mr. Ho has held various executive positions within the group of YFY, including Chairperson of YFY Holdings, Acting Chairperson of E-Ink Technology and Vice Chairperson of SinoPac Bank. Mr. Ho contributes to the Board with his expertise in operation management, financing, corporate governance, and expansion of oversea business. | The members of the committee meet the independence requirement stipulated by Art. 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration | None |

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|---|---|---|---|---|
| Independent Director | CHAN, Yi-Jen | Dr. Chan is currently the Managing Director and Chief Officer of Technology of Cyntec Co., Ltd., a Delta Group Company, and held the office of Chief Officer of Strategy of Hermes-Epitek Corp. from 2016 to 2018 and office of CEO of EPISIL Holding Inc. from 2013 to 2016. Dr. Chan is the renowned expert of high-speed and power semiconductor and contributes to the governance of the enterprise with his abundant experience in strategical planning. During his time serving as independent director, he also assists in cooperation between the electronic production section of the Company and internationally renowned manufacturers. | Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." | None |
| Independent Director | SU, Yen-Hsueh | Ms. Su served at ABN AMRO and UBS as Asia-Pacific Chief Analyst in technology industry before she was appointed the first Chief Investment Officer in ASUSTek in 2004. Ms. Su spearheaded the ASUStek and Pegatron restructuring in 2009 and retired from Pegatron as senior VP for investment and business development in 2013. Ms. Su's abundant experience in technology industry and investment and merger can offer the Company with her visionary advice. | | 2 |
| Member | CHANG, Wen-Chang | Dr. Chang holds a PhD degree in Pharmacy from Dept. of Pharmacy of Tokyo University, Japan and was elected as Academician of Academia Sinica. Dr. Chang is currently the Chairperson of the Board of Taipei Medical University and former Vice-Chairperson of National Science Council. Under the leadership of Dr. Chang, TMU has become the top private medical school in Taiwan and expand the number of hospitals to seven which contribute to the economic scale of the research conducted. Dr. Chang's abundant experience has offered valuable assistance to the Company. | | None |

2. Implementation Status of the Remuneration Committee

(1) There are 3/4 members in the Remuneration Committee. (The tenure of 4th Remuneration Committee expired on June 14, 2023. The Board appointed the members of 5th Remuneration Committee and add one more seat to the Committee and backdated the tenure to June 16, 2023.

(2) Tenure for 5th Remuneration Committee: June 16, 2023~June 15, 2026.

The Committee held 3 meetings in 2023 with attendance record as follow:

| Position | Name | Attendance | | Attendance Rate (%) | Remark |
|---|---|---|---|---|---|
| | | In Person | By Proxy | | |
| Chairperson | HO, Felix | 3 | 0 | 100% | Ms. Su was newly appointed to $5^{th}$ Remuneration Committee. All members have attended all meeting as required. |
| Member | CHAN, Yi-Jen | 3 | 0 | 100% | |
| Member | SU, Yen-Hsueh | 2 | 0 | 100% | |
| Member | CHANG, Wen Chang | 3 | 0 | 100% | |

<u>Mandate of the Remuneration Committee</u>

This committee shall act with care of a good administrator, faithfully execute the following duties and submit its advice to the Board for discussion.

1. Implement, with regular review, standards applicable to evaluation of the performance of the Directors and managers, annual and log-term key performance indicators as well as the policies, systems, standards, and structure thereof.
2. Regularly review performance of the Directors and managers with reference to key indicators and advice on the content and amount of the remuneration packages of the Directors and managers according to the result of review.
3. The performance evaluation and advice on the remuneration shall refer to usual standard applied by peers in the same industry, evaluation on individual performance, amount of time invested, position held by individual, performance while holding of other positions, packages offered by Company to equivalent position and reach a conclusion of reasonableness, demonstrate the reasonable connection between achievement of short-term and long-term goal of the Company, financial status of the Company and individual performance, performance of the Company and future risks.

<u>Meetings of Remuneration Committee</u>

The Committee has held the following meetings to review and evaluate remuneration policies of the Company in 2023:

| Date and Terms of the meetings | Agenda | Recommendation | Actions by the Company |
|---|---|---|---|
| $8^{th}$ meeting of $4^{th}$ Remuneration Committee, Mar. 16, 2023 | 1. Review of the remuneration policy structure for Directors and Managers and Key Performance thereof for the year of 2022.<br>2. Review of distribution of remuneration of employee and directors for the year of 2022. | The Chairperson consulted with members presented and approved unanimously. | The Board has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations. |
| $1^{st}$ meeting of $5^{th}$ Remuneration Committee, June 29, 2023 | 1. Election of Chairperson of the Committee.<br>2. Review of remuneration of executives.<br>3. Review of the remuneration of the Chairperson and the Board.<br>4. Review of the remuneration of Independent Directors and Members of Auditing Committee. | The Chairperson consulted with members presented and approved unanimously. | The Board has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations. |
| $2^{nd}$ meeting of $5^{th}$ Remuneration Committee, Nov 9, 2023 | 1. Review of policies for various remuneration items for 2024.<br>2. Review of distribution bonus due in 2024.<br>3. Review of award of remuneration of the Chairperson and the Board.<br>4. 2024 Work Plant of the Committee. | The Chairperson consulted with members presented and approved unanimously. | The Board has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations. |

Other matters that require reporting：

1. If the Board declined to adopt, or modified a recommendation of the Remuneration Committee, please specify the date, term, content, resolution, and the Company's processing situations for Remuneration Committee's resolution: None.
2. Any objections or reservations expressed by any committee member in record or in written to Remuneration Committee's resolution, please specify the date, term, content, and the committee's processing situations for objections or reservations: None.

3. Member of the Nomination Committee and Operation thereof：None.

### 3.4.5 Fulfillment of sustainable development and discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

| Action Items | Implementation Status | | | Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| 1. Does the Company establish exclusively (or concurrently) dedicated unit authorized by the Board to be in charge of enforcing sustainable development and the execution be supervised by the Board? | V | | 1. The Company's Chairperson chairs sustainable development committee to give guidance in sustainable development; the President and heads of divisions are in charge of long term operations.<br>2.<br>(1) The Board approved the appointment of the Office of President as the CSR responsible unit on Aug. 11, 2020 and the unit was renamed to sustainable development responsible unit in March, 2022.<br>(2) Sustainable development responsible unit comprises the head of department and dedicated staff in charge of the policies, implementation, risk management, education and training for sustainable development. For more implementation, please review the corporate website: "Sustainable Development".<br>(3) Sustainable development responsible unit reports the implementation to the Board at least once a year. The latest reporting date: March 15, 2024. For more implementation, please review the corporate website: "Sustainable Development".<br>3. The management team reports to the Board on the Company's ESG sustainable development at least once a year and the strategies and implementations of ESG sustainable development are regularly reviewed and supervised by the Board. | None. |
| 2. Does the Company assess environmental, social and governance | V | | 1. The Company makes risk assessment based on major | None. |

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| Action Items | Implementation Status | | | Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? | | | issues such as environment, society and governance, negotiates with stakeholders, and establishes policies on ESG issues and risk management. For the full policies and strategies, please view the corporate website: “Corporate Governance” → “Risk Management.”<br>2. The scope of above information is parent company. | |
| 3. Environmental issues<br>(1) Does the Company establish proper environmental management systems based on the characteristics of its industries? | V | | 1. The Company established environment protection measures including scrappage of old diesel cars in accordance with Environmental Protection Administration, Executive Yuan, regular inspection and retirement of energy-intensive facilities, local procurement of main materials, recycling process wastewater for road sprinkling to decrease air pollution. For the full measures, please view the corporate website: “Sustainable development” → “Energy Saving and Carbon Reduction” → “Policy on Environmental Management.”<br>2. Verification: The Subsidiary Uneo Inc. is ISO 14001 certificated on Nov. 27, 2022. | None. |
| ( 2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? | V | | The Company has endeavored to make the production line more efficient and eco-friendly to reduce the impact and burden of the environment. For the policy and achievement of energy saving and carbon reduction, the consumption of electricity and water, the amount of waste, please view the corporate website: “Sustainable development” → “Energy saving and carbon reduction” →“Policy on environmental management.” | None. |

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| Action Items | Implementation Status | | | Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| ( 3) Does the Company evaluate the potential risks and opportunities under climate change and take measures in response to climate related issues? | V | | Sustainable development committee is the Company's highest organization in charge of climate change issues. As the chair of the committee, the Company's Chairperson reviews the strategies, goals, risks, opportunities, plans and action on climate change and reports to the Board.<br>The Company assesses the risks and opportunities of climate change according to the TCFD structure published by Financial Stability Board (FSB). The latest assessment was finished in 2022. For the full assessment, please view the corporate website: "Sustainable Development" → "TCFD." | None. |
| (4) Does the Company record greenhouse gas emissions, water consumption, and weight of waste over the last two years and establish policies on energy efficiency, reduction of carbon dioxide and greenhouse gas, water-saving and other waste management? | V | | 1. Greenhouse gas emission, consumption of water, amount of non-toxic waste, intensity of energy and water in recent 2 years are disclosed on the corporate website: "Sustainable development" → "Energy saving and carbon reduction", "Greenhouse gas emission, water and the waste."<br>2. For the policy and achievement of energy saving and carbon reduction, the consumption of electricity and water, the amount of waste, please view the corporate website: "Sustainable development" → "Energy saving and carbon reduction" → "Policy on environmental management."<br>3. The scope of above information is parent company. | None. |
| 4. Social issues<br>(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | V | | 1. The Company not only complies with local regulations but also upholds the internationally-recognized human rights for labor and respects the United Nations Universal Declaration on Human Rights, the | None. |

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| Action Items | Implementation Status | | | Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| | | | International Labor Organization’s fundamental conventions on core labor standards, the International Covenant on Civil and Political Rights and the International Covenant on Economic Social and Cultural Rights. The Company formulates human rights policies and expects all the business partners to comply with them.<br>2. For more specific measures, please view the corporate website: “Sustainable development” → “Human Rights Policy.” | |
| (2) Does the Company have reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately reflect the business performance or results on the employee remuneration policy? | V | | 1. The Company stipulates employee benefit measures and reflects business performance on employees’ remuneration. For the full policy and measures, please view the corporate website: “Sustainable Development” → “Employee Benefit Measures.”<br>2. In 2023, the Company’s female employment percentage was 19.66% and female manager percentage was 6.34%. | None. |
| (3) Does the Company provide employees with a safe and healthy working environment and regularly organize training on health and safety? | V | | 1. The Company conforms to government regulations on labor health and safety, formulating corresponding measures, holding training courses, offering protective equipment, and making annual environmental inspection by external units and re-inspection by the fire department. Also, the supervisors and the personnel of environmental safety and health manage and inspect operating fields by patrolling every day, controlling deficiencies, following up on improvement, and regularly reporting to the President at monthly meetings.<br>2. Verification: None. | None. |

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| Action Items | Implementation Status | | | Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| | | | 3. In 2023, the Company had 3 cases of occupational accidents, with the number of 3 employees, accounting for 0.63% of the total employment.<br>4. In 2023, the Company had 1 fire incident, no casualties. | |
| (4) Does the Company have an effective career development training program for employees? | V | | The Company not only assesses and provides feedback on employees' skills and interests, but also offers training and development activities that match their career development objectives and job needs. For the full training programs, please view the corporate website: "Sustainable Development" → "Employee Benefit Measures." | None. |
| (5) Does the Company follow relevant laws, regulations and international guidelines for customer health and safety, customer privacy, and marketing or labeling of products and service, and also formulate customer protection policies and procedures for consumer complaints? | V | | The Company not only complies with local regulations and relevant international standards to label and promote products, but also provides customer service through email and hotline responding to consumer's queries and grievances to improve products and service efficiency. For the customer service and customer relationship performance, please view the corporate website: "Sustainable Development " → "Stakeholders." | None. |
| (6) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety or labor and human rights? If so, describe the results. | V | | The Company established the supplier management policy to require suppliers to enforce environment protection, occupational safety and health, and labor rights. The Company carries out the supplier evaluation at least once a year. For the full policy and implementation, please view the corporate website: "Corporate Governance" → "Supplier management." | None. |
| 5. Does the Company adopt internationally recognized standards or guidelines in the preparation of sustainability reports disclosing its non-financial information? Does the report above obtain assurance from a third party verification unit? | V | | 1. The Company's Sustainability reports are written on the basis of the GRI Standards and SASB's Construction Materials Standards.<br>2. The CPA firm of Legendary & Steadfast Accountancy will be retained to provide an | None. |

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| Action Items | Implementation Status | | | Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| | | | independent limited assurance of the 2023 sustainability report based on the standards in TWSAE 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, established in accordance with ISAE 3000 and issued by Taiwan’s Accounting Research and Development Foundation. | |
| 6. If the Company has established its own sustainable development principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and the discrepancies if there’s any: None. | | | | |
| 7. Other important information facilitating understanding of the state of sustainable development implementation: The Company endeavors to carry out environmental protection, contribute to community activities and industry events, and donate to schools or charity organizations. Please view the corporate website: “Sustainable Development” → “Stakeholders.” | | | | |

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## Climate-Related Information of TWSE/TPEx Listed Company

## 1. Implementation of Climate-Related Information

| | Implementation status |
|---|---|
| 1. How do the Board and managers oversight and govern the climate-related risks and opportunities? | 1. The Board serves as the highest decision-making unit for risk management within the Company, in charge of risk management.<br>2. Risk Management Committee: The Risk Management Committee executes the risk management decisions approved by the Board. It is responsible for establishing the risk management framework of the Company, reviewing the Company's risk management policies, integrating and promoting risk management, as well as overseeing and coordinating the overall implementation of risk management operations. Additionally, the committee provides regular (at least once a year) reports to the Board on the execution status. |
| 2. How do the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)? | 1. Extreme Climate Risks:<br>(1) Extreme weather causing Continuous heavy rainfall may result in concentrated customer demand, heightened challenges in production and transportation scheduling. This could lead to order losses and necessitate improving production management efficiency. The potential occurrence of this risk is in the short term.<br>(2) Continued rise in average temperatures due to extreme climate conditions could escalate electricity demand and lead to increased electricity prices. This might result in elevated electricity costs for the Company, need to enhance energy usage efficiency. The potential occurrence of this risk is in the long term.<br>2. Transition Risks:<br>(1) Government impose a carbon fee on the Company in 2025 could result in increased regulatory expenses. The potential occurrence of this risk is in the short term.<br>(2) Government's push for a 2050 net zero emissions policy might require the Company to seek alternative energy sources to replace traditional ones, or to explore alternative fuels to replace coal. The potential occurrence of this risk is in the long term. |
| 3. The financial impact of extreme climate and transition actions. | 1. Extreme Climate Risks:<br>(1) Continuous heavy rainfall could potentially lead to the decrease in approximate NT$ 180 million of the annual revenue.<br>(2) The rise in average temperatures could potentially lead to the increase in approximate NT$ 19 million of the annual electricity expense.<br>(3) The rise in average temperatures could potentially lead to the increase in approximate NT$ 71 million of the annual expenses for investing in process equipment improvements.<br>2. Transition Risks:<br>(1) Imposition a carbon fee on the Company could potentially lead to the increase in approximate NT$ 5.4 million of the |

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| | |
|---|---|
| | annual regulatory expense.<br>(2) Seeking alternative electricity could potentially lead to the increase in approximate NT$ 130 million of the annual electricity expense.<br>(3) Seeking alternative fuel could potentially lead to the increase in approximate NT$ 2 million of the annual fuel expense. |
| 4. How to integrate the climate risk of recognition, assessment, and management process into the overall risk management framework. | The risk management committee convenes regular monthly meetings to identify potential climate risks, assess their specific impact on finances in terms of clarity and significance, and review the implemented management measures. |
| 5. When conducting a scenario analysis to assess resilience against climate change risks, should describe the usages of scenarios, parameters, assumptions, analysis factors, and key financial impacts. | 1. Extreme Climate Risks:<br>(1) Continuous heavy rainfall leads to order losses: based on the cancelled order amount due to heavy rainfall, and assume yearly increase 1%.<br>(2) The rise in average temperatures lead to increased electricity prices: assume the price in 2030 is higher than current electricity price for 15%.<br>(3) The rise in average temperatures necessitates the Company to enhance energy usage efficiency: assume an annual investment of 1% of revenue is required for process equipment improvement.<br>2. Transition Risks:<br>(1) Imposition a carbon fee on the Company leads to increased regulatory expenses: multiply the carbon emission amount by the assumed carbon price rate of NT$ 300 per ton.<br>(2) Purchase the green electricity leads to increased electricity price: assume the Company replaces 100% of its electricity consumption with green electricity.<br>(3) Purchase the biofuels leads to increased fuel cost: assume the Company replaces 10% of fuel consumption with biofuels. |
| 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. | 1. Enhance energy usage efficiency: annually invest 1% of revenue for process equipment improvement.<br>2. Seeking alternative energy for replacing traditional energy: achieve 100% green electricity usage before 2050.<br>3. Seeking alternative fuel for replacing coal: achieve 100% to replace coal before 2050. |
| 7. If using internal carbon pricing method as a planning tool, should describe the basis for price formulation. | Not using internal carbon pricing method. |
| 8. If climate-related goals have been established, should describe the information regarding covered activities, greenhouse gas emission scopes, planning timeline, the progress of annual achievement, if use carbon offsets or Renewable Energy Certificates (RECs) to achieve these goals, should describe | 1. Carbon Intensity (CO2 Emissions tons / production value of NT$ Thousands): The Company will strive to maintain its current intensity and continuously reduce emissions.<br>2. Water Intensity (Water Usage tons / production value of NT$ Thousands): The Company will strive to maintain its current intensity and aims to reduce it to 0.025 tons / NT$ in thousands of output by 2025.<br>3. Total Business Waste Weight: The Company is committed to maintaining its current waste weight and aims to achieve a zero-waste goal. |

| | |
|---|---|
| the carbon offsets sources and amount, or the amount of RECs. | |
| 9. Greenhouse gas investigation and assurance status (as filled in the table below) | |

Greenhouse Gas Inventory Information

Describe the emission volume (tons CO2e), intensity (tons CO2e/NT$ million), and data coverage of greenhouse gases in recent 2 fiscal years:
1. Individual entities of the parent company shall complete the inventory by 2023.
2. Subsidiaries included in the consolidated financial statements shall complete the inventory by 2025.

| | | 2022 | | 2023 | |
|---|---|---|---|---|---|
| | | the emission volume (tons CO2e) | intensity (tons CO2e/NT$ million) | the emission volume (tons CO2e) | intensity (tons CO2e/NT$ million) |
| the parent company | Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company) | 33,099.1056 | | 36,156.3199 | |
| | Indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) | 20,111.9807 | | 19,673.9336 | |
| | Total | 53,211.0863 | 11.8 | 55,830.2535 | 12.0 |

Greenhouse Gas Assurance Information

Describe the status of assurance in recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
1. Individual entities of the parent company shall complete the assurance by 2024.
2. Subsidiaries included in the consolidated financial statements shall complete the assurance by 2027.

| The scope of assurance | | Emission volume (tons CO2e) | |
|---|---|---|---|
| | | 2022 | 2023 |
| the parent company | Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company) | 33,099.1056 | 36,156.3199 |
| | Indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) | 20,111.9807 | 19,673.9336 |
| | Total | 53,211.0863 | 55,830.2535 |
| | The percentage of disclosed inventory data as mentioned in the preceding paragraph. | 100% | 100% |
| Assurance institution | | SGS | DNV |
| Assurance standards | | ISO14064-3:2006 reasonable level of assurance | ISO14066:2011 、ISO14065:2020 、ISO14064-3:2019 reasonable level of assurance |
| Assurance opinion | | unmodified opinion | unmodified opinion |

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The greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets:

1. Since 2022, the Company has been conducting third-party greenhouse gas assurance for the parent company.
2. In accordance with the Financial Supervisory Commission's schedule for sustainable development of listed companies, the Company will complete the inventory operations for the group (including subsidiaries) in Apr., 2025. Therefore, we have set 2024 as the baseline year for carbon reduction and aim to gradually reduce carbon emissions annually.
3. Reduction Targets: A reduction of 60% compared to 2024 by 2040, and 100% reduction compared to 2024 by 2050.
4. Concrete action plan: Through improving processes, replacing traditional energy sources with green energy, implementing green transportation, and regularly maintaining and replacing old high-energy-consuming equipment.

### 3.4.6 Fulfillment of Ethical Corporate Management and Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

| Evaluation Item | Implementation Status [1] | | | Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Y | N | Abstract Illustration | |
| 1. Establishment of ethical corporate management policies and programs<br>(1) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board and management towards enforcement of such policy? | V<br>ˇ | | A. The Board has approved the formulation of "Ethical Corporate Management Best Practice Principles," and established the "Procedures for Ethical Management and Guidelines for Conduct", specifying matters that should be noted by all employees of the Company and companies of UCC Group while performing duties. The Office of the President is responsible for formulating ethical corporate management policies and prevention plans, reporting the operation of ethical corporate management and its status of implementation to the Board regularly.<br>B. Ethical corporate management policies are published on the corporate website, as well as promotional materials or external activities, so that managements, employees, suppliers, customers or other business-related institutions and personnel can understand the Company's ethical corporate management | None. |

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| Evaluation Item | Implementation Status [1] | | | Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|---|---|---|---|
| | Y | N | Abstract Illustration | |
| | | | philosophy and regulations. | |
| (2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? | V | | The Company has always been committed to business integrity and does not engage in business activities involving unethical conducts in the scope of business. The Office of the President regularly analyzes and evaluates the risks of dishonest behavior within the business scope and formulates the "Integrity Management Operating Procedures and Behavior Guidelines" accordingly. Such reviews cover at least the preventive measure described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. | None. |
| (3) Does the Company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs above effectively and perform regular reviews and amendments? | V | | The Company has clear stipulations and ethical business conduct and relevant guidelines covering code of conducts, whistleblowing, punitive measures for violations, and grievances in company articles and systems, such guidelines include the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for conduct,” “Whistleblowing Procedures of Unethical Behaviors,” and “Guidelines to Employee Grievances.”. The Company has established “Code of Ethical Conduct” for the Directors and Managers of the Company to adhere to. The adequacy and effectiveness of regulations and policies or ethical business conduct are reviewed on a regular basis. | None. |
| 2. Implementation of operations integrity policy<br>(1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts? | V | | In the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for conducts,” it is specified that the Company shall refrain from having any engagements with parties that have any records of unethical conducts. Before dealing | None. |

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| Evaluation Item | Implementation Status [1] | | | Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|---|---|---|---|
| | Y | N | Abstract Illustration | |
| | | | with any parties, the Company shall assess whether there has been a record of unethical behavior, and try as much as possible to incorporate the ethical corporate management clause in the contract. | |
| (2) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board while overseeing such operations? | V | | A. The Company has designated The Office of the President to support ethical corporate management and be responsible for devising and overseeing the ethical corporate management policy and prevention programs against unethical conducts. The Company reports the implementation of the above to the Board on Mar. 15, 2024. The frequency of report is at least once a year. | None. |
| (3) Does the Company establish and implement policies to prevent conflicts of interest and provide appropriate communication channels? | V<br>ˇ | | A. The Company's “Procedures for Ethical Management and Guidelines for Conduct” specifies policies for preventing conflicts of interests. When employees have conflicts of interest in business, they should report to their direct supervisors and The Office of the President and receive appropriate guidance from direct supervisors.<br>B. The Company's “Rules of Procedure for Board of Directors Meetings” has clearly stated that if Directors has a stake in the proposal of the legal persons represented, they shall disclose the key aspects of the interest in the meeting. If their interest may compromise the interests of the Company, the said Director shall not participate in the discussion of nor cast the vote on items involved and shall excuse himself from the proceeding of the specific agenda item involved. Also, they shall not stand proxy for other Directors to exercise the voting right on the same item. | None. |

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| Evaluation Item | Implementation Status [1] | | | Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Y | N | Abstract Illustration | |
| (4) Does the Company have effective accounting and internal control system in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the system to prevent unethical conduct, or hire outside accountants to perform the audits? | V | | The Company has established an effective and mature accounting and internal control system to connect the function of personnel, finance, sales, production and materials layer by layer, inspecting and managing abnormalities. The Audit Office under the Board of the Company formulates an audit plan every year to check compliance with rules and regulations and reduce the risk of unethical behavior. In addition, since internal audit is the responsibility of all employees, all units of the Company also conduct self-assessment of internal control in January each year to facilitate the implementation of the spirit of internal control to all levels. | None. |
| (5) Does the Company regularly hold internal and external educational training on ethical management? | V | | The Company regularly conducts education and training related to ethical management to employees so that they can fully understand the Company's determination, policies, prevention plans and the consequences of violations of unethical behavior. The ethical management education and training in 2023 is with a total participant of 477. | None. |
| 3. The implementation of the Company's whistle-blowing system.<br>(1) Has the Company establish concrete whistle-blowing and reward system as well as accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower? | V | | The Company has established the "Whistle-blowing Procedures of Unethical Behaviors" and "Guidelines to Employee Grievances" providing multiple reporting channels such as whistle-blowing mailboxes and whistle-blowing hotlines, assigning Audit Offices and Management Division of the Company as the responsible units, and clearly stipulated reward systems. | None. |

| Evaluation Item | Implementation Status [1] | | | Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Y | N | Abstract Illustration | |
| (2) Does the Company establish standard operating procedures for whistle-blowing cases, follow-up measures and relevant system of confidentiality after the investigation? | V | | The Company's "Whistle-blowing Procedures of Unethical Behaviors" and "Guidelines to Employee Grievances" clearly stipulate the relevant standard operating procedures for following steps of cases, acceptance, investigation, closing and filing, and the above-mentioned rules stipulate that any unauthorized disclosure of the any details of the case, where on-going or not, is strictly forbidden and the entire proceedings shall remain confidential. | None. |
| (3) Does the Company provide proper whistle-blower protection? | V | | During and after an investigation, it is strictly forbidden to disclose any information to unauthorized parties. All information must be well-managed and archived according to confidential document procedures to ensure the informant does not experience any unjust treatment. | None. |
| 4. Strengthening information disclosure<br>(1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company website and MOPS? | V | | The Company discloses its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" as well as other related measures on its website and the TWSE's Market Observation Post System website. | None. |
| 5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.<br>There has been no difference. | | | | |
| 6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies): None. Please view the corporate website: "Corporate Governance" → "Integrity management." | | | | |

### 3.4.7 Corporate Governance Guidelines and Regulations

Please refer to the "Investor" → "Corporate Governance" → "Important Company Regulations" on the corporate website to inquire about corporate governance-related regulations, etc. the corporate website: http://www.ucctw.com.

### 3.4.8 Other Important Information Regarding Corporate Governance

Chief Officer of Corporate Governance:

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The Board of the Company has resolved to establish the position of Chief Officer of Corporate Governance in its meeting on Aug. 11, 2020 and appointed Mr. Yang, Tsung-Jen, CFO, to take the office of the position effective from Jan. 1, 2021. Mr. Yang has hold the position of CFO for more than three years and thus comply with the requirement by law and is qualified for implementation of corporate governance.

Profile of Chief Officer of Corporate Governance:

Name: Yang, Tsung-Jen

Education: Bachelor, Dept. of Economics, Chinese Culture University

Continuing Education: 15 hours qualified education in 2023.

| Institution | Courses | Date | | Hour |
|---|---|---|---|---|
| | | From | To | |
| Taiwan Listed Companies Association | AI Thinking and Digital Transformation. | 2023.7.12 | 2023.7.12 | 3.0 |
| Taiwan Listed Companies Association | Impact of Carbon Pricing on Business Operation. | 2023.8.9 | 2023.8.9 | 3.0 |
| Taiwan Listed Companies Association | Domestic and International Economic and Industry trend – The Adaptive Strategies of Business. | 2023.9.13 | 2023.9.13 | 3.0 |
| Taiwan Investor Relations Institute | Empowering Boards for ESG and Sustainability Governance. | 2023.9.27 | 2023.9.27 | 3.0 |
| Taiwan Listed Companies Association | Current Situation Description and Trend Analysis of Common Global Supply Chains for Taiwanese Companies Under Geopolitics. | 2023.11.8 | 2023.11.8 | 3.0 |

Scope of Corporate Governance:

1. To keep the Board updated with latest development of the regulations in the field which the Company operates or field of Corporate Governance.
2. To assist the Board in continuing education. Evaluate appropriate proposal of "Liability Insurance for Directors" and report to the Board.
3. To convene ad hoc meetings among CPA, independent directors, chief internal auditor for the implementation of internal control system.
4. To coordinate and manage the agenda of meeting of the Board, and other administrative matters. To remind any applicable directors if the conflict of interests exists. To furnish and circulate meeting minutes within 20 days of the meeting.
5. To carry out the goal of corporate governance and perform an annual evaluation on the performance of the Board as a whole and individual directors according to "Performance Evaluation Policy of the Board of Directors and Functional Committee" and delegate such evaluation to an external professional institute at least once every 3 years.
6. To register the date of Annual General Shareholders' Meeting(AGM), issue a notice of AGM, Agenda Handbook and meeting minutes pursuant to timeframe stipulated by applicable laws.
7. To carry out the goal of Corporate Governance and improve the performance of Corporate Governance Assessment.

For more information on Corporate Governance, please refer to the corporate website: http://www.ucctw.com and announcement on TWSE's Market Observation Post System website at http://mops.twse.com.tw

### 3.4.9 Implementing the internal control system

1. Statement of internal control

## Universal Cement Corporation

Statement of Internal Controls

Date: 3/15/2024

With regards to results of the 2023 self-evaluation of the internal control system, we hereby declare as follows:

(1) We acknowledge and understand that it is the responsibility of our BOD and managers to establish, implement, and maintain an internal control system, and we have established accordingly. The purpose is to fairly ensure the effectiveness and efficiency of operations (Including profitability, performance and security of assets); the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.

(2) There is limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may be varied as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.

(3) The company has referred to the criteria for determining the effectiveness of an internal control system as specified in the "Regulations Governing Establishment of internal control Systems by Public Companies" (the "Criteria"), to determine the effectiveness of design and implementation of our internal audit system. With regard to the management control process, the Criteria divided an internal control system into five elements: a) control environment, b) risk evaluation, c) control activities, d) information and communication, and e) monitoring activities. Each element in turn contains certain audit items, and shall be referred to the Criteria for details.

(4) We have evaluated the effectiveness of design and implementation of our internal control system with such criteria aforementioned.

(5) In respect of the findings from the above evaluation, we believe the design and implementation of our Internal control system (Including the supervision and management of subsidiaries) by December 31, 2023 were effective to achieve the above goals in terms of the effectiveness and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.

(6) This statement shall form an integral part of the annual report and the prospectus on this company and will be disclosed to the public. If there is any fraudulent, concealment and unlawful practice found in the above contents, we shall be liable to the legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

(7) This statement of declaration was approved unanimously and without objection by the board meeting held on March 15, 2024 with the presence of all directors attended the meeting.

**Universal Cement Corporation**

**Chairman:** Signature/Seal

on behale of Bo-Chi Investment

**President:** Signature/Seal

2. The Company auditing its internal control system by a CPA shall disclose the CPA audit report: NA.

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3.4.10 If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, in recent fiscal year as of the publication date, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Major Resolutions of Annual General Shareholders' Meeting(AGM) and meetings of the Board in recent fiscal year as of the publication date

1. AGM

Implementation of resolutions of 2023 AGM

Matters for Acknowledgement:

Proposition 1: Acknowledging Operation Report, Individual Financial Report and Consolidated Financial Report of the Company for the year of 2022

Result of Votes:

| Total number of Shares presented at the AGM 517,889,915 shares | |
|---|---|
| Item | Number of shares Voted at the AGM |
| For | 500,587,431 |
| Against | 36,553 |
| Void | 0 |
| Abstain | 17,265,931 |

Resolution: Approval rate to total number of shares presented 96.65%. The number of votes for the proposition has reached legal threshold, the proposition is adopted as proposed.

Implementation: All relevant report has been filed at regulatory agencies and published pursuant to Company Act and relevant regulations.

Proposition 2: Acknowledging Distribution of Dividend for the year of 2022

Result of Votes:

| Total number of Shares presented at the AGM 517,889,915 shares | |
|---|---|
| Item | Number of shares Voted at the AGM |
| For | 501,154,301 |
| Against | 15,819 |
| Void | 0 |
| Abstain | 16,719,795 |

Resolution: Approval rate to total number of shares presented 96.76%. The number of votes for the proposition has reached legal threshold, the proposition is adopted as proposed.

Implementation: All dividends for the year of 2022 have been distributed on Aug. 28, 2023 at the rate of NT$ 1.5 per share.

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Matters for Discussion 1:

Proposition 1: Issuance of new stock by appropriation of earnings from 2022

Result of Votes:

| Total number of Shares presented at the AGM 517,889,915 shares | |
|---|---|
| Item | Number of shares Voted at the AGM |
| For | 501,091,213 |
| Against | 68,923 |
| Void | 0 |
| Abstain | 16,729,779 |

Resolution: Approval rate to total number of shares presented 96.75%. The number of votes for the proposition has reached legal threshold, the proposition is adopted as proposed.

Implementation: Issuance of new stock by appropriation of earnings from 2022 has been distributed on Aug. 28, 2023 at the rate of NT$ 0.3 per share.

Matters for Election :

Proposition 1: Election of the 24th Board

Result of Votes:

| Total number of Shares presented at the AGM 517,889,915 shares | | | |
|---|---|---|---|
| Position | ID | Name | Number of shares Voted at the AGM |
| Director | 183777 | Bo-Chih Investment Co., Ltd. | 546,891,637 |
| Director | 182814 | Sheng-Yuan Investment Co., Ltd.<br>Representative: HOU, Chih-Sheng | 493,794,402 |
| Director | 183432 | Yu-Sheng Investment Co., Ltd.<br>Representative: HOU, Chih-Yuan | 491,477,437 |
| Independent Director | A1205***** | HO, Felix | 490,849,797 |
| Independent Director | F1209***** | CHAN, Yi-Jen | 486,562,368 |
| Independent Director | S2214***** | SU, Yen-Hsueh | 481,654,913 |
| Independent Director | A1294***** | YEN, Jeffry | 480,281,784 |

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Matters for Discussion 2:

Proposition 1: Granting of waiver on the non-competition of newly elected Directors

Result of Votes:

| Total number of Shares presented at the AGM 517,889,915 shares | |
|---|---|
| | Number of shares Voted at the AGM |
| For | 500,999,315 |
| Against | 141,517 |
| Void | 0 |
| Abstain | 16,749,083 |

Resolution: Approval rate to total number of shares presented 96.73%. The number of votes for the proposition has reached legal threshold, the proposition is adopted as proposed.

Implementation: The ratification is effective as of the day of adoption by the AGM and will be announced on the website of MOPS and the Company.

2. Meetings of the Board

the Board has convened 8 meetings in 2023 with summary of major resolutions as follow:

The 23rd Board has adopted in 19th meeting on Mar. 16, 2023

Loan of Funds to Subsidiary, Endorsements and Guarantees for Others, Proposal of Bonus to Directors and Employee for the year of 2022, Operation Report, Individual Financial Report and Consolidated Financial Report of the Company for the year of 2022, Distribution of Dividend for the year of 2022, 2022 Statement on Internal Control, Evaluation of Independence and Qualification of the CPA, Election of the Chairperson of the 24th Board, Formulate the Nomination of the 24th Board, Granting of waiver on the non-competition of the 24th elected Directors, Call for 2023 AGM, Formulate “Provide Pre-Approved Non-Assurance Service Policy”.

The 23rd Board has adopted in 20th meeting on May 2, 2023

The list of candidates for Directors and Independent Directors was Approved, Amendment of Distribution of Dividend for the year of 2022, Issuance of new stock by appropriation of earnings from 2022, Call for 2023 AGM.

The 23rd Board has adopted in 21st meeting on May 15, 2023

Consolidated Financial Report of the Company for Q1 of 2023.

The 24th Board has adopted in its 1st meeting on June 16, 2023

Election of Chairperson of Board of Director, Appointment the Members of 3rd Audit Committee and Chairperson.

The 24th Board has adopted in its 2nd meeting on June 29, 2023

Amendment of “Rules of Remuneration Committee” Appointment the Members of 5th Remuneration Committee, Renewal of Executives of the Company, Adjunct of COO of the Company, Promotion of Executives of the Company, Granting of Waiver on the Non-Competition of Executives, Authorization to Chairperson for Deciding Record Date for Issuance of New Stock and Distribution of Dividend and the Date of Distribution.

The 24th Board has adopted in its 3rd meeting on June 29, 2023

Approval of the remuneration for Executives, Approval of the Remuneration for Chairperson and Directors, Approval of the Attendance Fee for Independent Directors and Auditing Committees members.

The 24th Board has adopted in its 4th meeting on Aug. 9, 2023

Consolidated Financial Report of the Company for Q2 of 2023, Loan of Funds to Subsidiary, Amendment of “Rules of Organization” and Organization Chart of the Company.

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The 24th Board has adopted in its 5th meeting on Nov. 9, 2023

Consolidated Financial Report of the Company for Q3 of 2023, Proposal of implementation of Internal Auditing for 2024, Amendment of “Procedures for Handling Material Inside Information” of the Company, Appointment of Executives, Appointment of Deputy Spokesperson, Replacement of Chief Financial Officer.

### 3.4.12 In Recent Fiscal Year as of the Publication Date, Dissenting Opinion Against Resolutions of the Board Made By Directors With Record Or By Submission In Writing And Its Content: None.

### 3.4.13 In Recent Fiscal Year as of the Publication Date, Resignation or Dismissal of the Chairperson, General Manager, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, And Chief Research And Development Officer

Due to the position adjustment, TSAI, Wen-Chang as new Chief Financial Officer since Jan. 1, 2024.

## 3.5 Information of CPA Service Fee

(Unit: NT$ thousands)

| Accounting Firm | Name of CPA | Period Covered by CPA's Audit | Audit Fee | Non-audit Fee | Total | Remarks |
|---|---|---|---|---|---|---|
| Deloitte & Touche-Taiwan | LEE, Chi-Chen<br>YANG, Chao-Chin | 2023.1.1~2023.12.31 | 2,540 | 610 | 3,150 | Note |

Note: Non-audit fee included certificate tax return, tax service, apply for change of registration and review opinion.

3.5.1 The audit fee of the year is less than that of the previous years after changing CPA firm: NA.

3.5.2 The audit fee is less than that of the previous year by over 10%: NA.

## 3.6 Information on Replacement of CPAs

3.6.1 Information regarding the former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="4">Approved by the Board on Mar. 15, 2024</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">The Company commissioned Deloitte & Touche-Taiwan to audit the financial statements. Due to internal adjustments and maintain the independence of the accountant, the audit has been commissioned from CPA LEE, Chi-Chen and YANG, Chao-Chin to CPA LEE, Chi-Chen and LIAO, Hung-Ju since Q1 of 2024.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="2">Parties / Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td colspan="2">Terminated the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accepted (discontinued) the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion in recent 2 fiscal year, specify the opinion and the reasons</td><td colspan="4">Not applicable</td></tr>
<tr><td rowspan="6">Disagreement with the Company?</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Specify details</td></tr>
<tr><td>Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)</td><td colspan="4">Not applicable</td></tr>
</table>

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3.6.2. Information Regarding the Successor CPAs

| | |
|---|---|
| Name of accounting firm | Deloitte & Touche-Taiwan |
| Names of CPAs | CPA LEE, Chi-Chen and LIAO, Hung-Ju |
| Date of engagement | Approved by the Board on Mar. 15, 2024 |
| Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the Company's financial report | Not applicable |
| Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs | Not applicable |

3.6.3 The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: NA.

## 3.7 The Chairperson, President and/or Managers in Charge of Finance or Accounting Served at the Firm(s) or Affiliate(s) of the Auditing CPAs in Recent Year

None.

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## 3.8 Shareholding Change Due to Transfer or pledge by Directors, Managers, and major shareholders who hold more than 10% of the shares in recent fiscal year as of the Publication Date

3.8.1 Shareholding Change of the Directors, Managers and Major Shareholders

| Position | Name | Year of 2023 | | As of Apr. 23, 2024 | |
|---|---|---|---|---|---|
| | | Change in share held | Change in share pledged | Change in share held | Change in share pledged |
| Chairperson | Bo-Chih Investment Co., Ltd. | 836,798 | - | - | - |
| | Bo-Chih Investment Co., Ltd. Represented by: HOU, Bo-Yi | 1,526,647 | - | - | - |
| Director | Sheng-Yuan Investment Co., Ltd. | 1,957,674 | - | 2,292,000 | - |
| | Sheng-Yuan Investment Co., Ltd. Represented by: HOU, Chih-Sheng | 3,506 | - | - | - |
| Director | Yu-Sheng Investment Co., Ltd. | 1,935,961 | - | 2,800,000 | - |
| | Yu-Sheng Investment Co., Ltd. Represented by: HOU, Chih-Yuan | 16,516 | - | - | - |
| Independent Director | CHAN, Yi-Jen | - | - | - | - |
| Independent Director | HO, Felix | - | - | - | - |
| Independent Director | SU, Yen-Hsueh | - | - | - | - |
| Independent Director | YEN, Jeffry | 2,395 | - | - | - |
| Chief Strategy officer | HOU, Bo-Yi | 1,526,647 | - | - | - |
| President | HOU, Chih-Sheng | 3,506 | - | - | - |
| Chief Operating officer | HOU, Chih-Yuan | 16,516 | - | - | - |
| Supervisor, Ready-mixed Concrete Division | CHOU, Shih-Kuei | - | - | - | - |
| Vice President, Management Division(Chief Officer of Corporate Governance) | YANG, Tsung-Jen | - | - | - | - |
| Vice President, Building Material Division | KAO, Tsung-Yao | - | - | - | - |
| Assistant Vice President | HUANG, Lin-Tien | - | - | - | - |

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| Position | Name | Year of 2023 | | As of Apr. 23, 2024 | |
|---|---|---|---|---|---|
| | | Change in share held | Change in share pledged | Change in share held | Change in share pledged |
| Assistant Vice President (Chief Financial Officer) | TSAI, Wen-Chang | - | - | - | - |
| Assistant Vice President (Chief Information Security Officer) | CHANG, Pei-Te | - | - | - | - |
| Director (Chief of Accounting) | TSENG, Pei-Hsin | - | - | - | - |

3.8.2 Share transfer to related parties: None.

3.8.3 Share pledge to related parties: None.

## 3.9 Information about Spouses, Kinship within Second Degree, and Relationships between Any of the Top 10 Shareholders

Disclosure of Top 10 Shareholders and relationships among which (Apr. 23, 2024)

| Name | Shares held by the individual | | Shares held by spouse and underage children | | Total shares held in names of third parties | | Titles, names and relationships between top 10 shareholders (related parties, spouses, or kinship within second degree) | | Remark |
|---|---|---|---|---|---|---|---|---|---|
| | Share held | Ratio | Share held | Ratio | Share held | Ratio | Name | Relation | |
| Sheng-Yuan Investment Co., Ltd. | 69,505,485 | 10.32% | - | - | 0 | 0% | Bo-Chih Investment Co., Ltd. | Same Chairperson | - |
| Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi | 52,414,898 | 7.79% | 23,065,547 | 3.43% | 0 | 0% | HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi | Same Individual | - |
| | | | | | | | HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh | Spouse | |
| | | | | | | | HOU, Bo-Yu | Sibling | |
| Yu-Sheng Investment Co., Ltd. | 69,267,998 | 10.29% | - | - | 0 | 0% | Bo-Chih Investment Co., Ltd. | Same Director | - |
| Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh | 23,065,547 | 3.43% | 52,414,898 | 7.79% | 0 | 0% | HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi | Spouse | - |
| HOU, Bo-Yi | 52,414,898 | 7.79% | 23,065,547 | 3.43% | 0 | 0% | Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi | Same Individual | - |
| | | | | | | | HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh | Spouse | |
| | | | | | | | HOU, Bo-Yu | Sibling | |
| stodian Pictet investment accounts | 33,009,427 | 4.90% | - | - | 0 | 0% | None | None | - |
| Bo-Chih Investment Co., Ltd. | 28,730,080 | 4.27% | - | - | 0 | 0% | Sheng-Yuan Investment Co., Ltd. | Same Chairperson | - |
| Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi | 52,414,898 | 7.79% | 23,065,547 | 3.43% | 0 | 0% | HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi | Same Individual | - |
| | | | | | | | HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh | Spouse | |
| | | | | | | | HOU, Bo-Yu | Sibling | |
| HOU SU, Ching-Chieh | 23,065,547 | 3.43% | 52,414,898 | 7.79% | 0 | 0% | Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh | Same Individual | - |
| | | | | | | | HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih | Spouse | |

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| Name | Shares held by the individual | | Shares held by spouse and underage children | | Total shares held in names of third parties | | Titles, names and relationships between top 10 shareholders (related parties, spouses, or kinship within second degree) | | Remark |
|---|---|---|---|---|---|---|---|---|---|
| | Share held | Ratio | Share held | Ratio | Share held | Ratio | Name | Relation | |
| | | | | | | | Investment Co., Ltd.: HOU, Bo-Yi | | |
| Standard Chartered custodian DBS Bank 0600049662 | 21,706,919 | 3.22% | - | - | 0 | 0% | None | None | - |
| HOU, Bo-Yu | 17,626,498 | 2.62% | - | - | 0 | 0% | HOU, Bo-Yi<br>Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi<br>Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi | Sibling | - |
| T.H. Wu Foundation | 12,020,255 | 1.79% | - | - | 0 | 0% | None | None | - |
| Long-Yi-Chang Sand & Stone Co., Ltd. | 11,573,330 | 1.72% | - | - | 0 | 0% | None | None | - |

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## 3.10 The Syndicated Shareholding in any Investee of the Company; Directors, Managers of the Company; and Investees Under Direct or Indirect Control of the Company

(Dec. 31, 2023)

| Investment business (Note 1) | Shareholding of the Company | | Shareholding of directors, managers or investees under direct or indirect control | | Syndicated Shareholdings | |
|---|---|---|---|---|---|---|
| | Shares | Percentage | Shares | Percentage | Shares | Percentage |
| UCC Investment Co., Ltd. | 75,000,000 | 100 | - | - | 75,000,000 | 100.00 |
| Kaohsiung Pier Transportation Co., Ltd. | 7,560,000 | 100 | - | - | 7,560,000 | 100.00 |
| Universal Ready-mixed Concrete Industry Co., Ltd. | 7,698,963 | 58.18 | 115,494 | 0.87 | 7,814,457 | 59.05 |
| Chiayi Ready-mixed Concrete Industry Co., Ltd. | 2,252,378 | 86.63 | 361 | 0.01 | 2,252,739 | 86.64 |
| Tainan Ready-mixed Concrete Industry Co., Ltd. | 2,023,624 | 67.45 | 10,000 | 0.33 | 2,033,624 | 67.78 |
| Lio-Ho Machine Works Ltd. | 89,581,468 | 29.86 | 1,680 | - | 89,583,148 | 29.86 |
| Huan-Chung International Co., Ltd. | 6,999,333 | 69.99 | 667 | 0.01 | 7,000,000 | 70.00 |
| Uneo Inc. | 6,000,000 | 100 | - | - | 6,000,000 | 100.00 |
| Li-Yong Development Co., Ltd. | 2,000,000 | 100 | - | - | 2,000,000 | 100.00 |

Note 1：Investments made by the Company with the equity method

`

# IV. Capital and Share

## 4.1 Capital and Share

### 4.1.1 Source of Capital (Unit: NT$)

| Month/Year | Issued Price | Authorized Capital | | Paid-in Capital | | Remark | |
|---|---|---|---|---|---|---|---|
| | | Number of Share | Amount | Number of Share | Amount | Source of Capital | Shares acquired by non-cash assets |
| Sep., 2008 | 10 | 603,891,908 | 6,038,919,080 | 603,891,908 | 6,038,919,080 | Undistributed earnings (Note 1) | None |
| Aug., 2014 | 10 | 615,969,746 | 6,159,697,460 | 615,969,746 | 6,159,697,460 | Undistributed earnings (Note 2) | None |
| Aug., 2015 | 10 | 628,289,140 | 6,282,891,400 | 628,289,140 | 6,282,891,400 | Undistributed earnings (Note 3) | None |
| Aug., 2016 | 10 | 634,572,031 | 6,345,720,310 | 634,572,031 | 6,345,720,310 | Undistributed earnings (Note 4) | None |
| Aug., 2017 | 10 | 653,609,192 | 6,536,091,920 | 653,609,192 | 6,536,091,920 | Undistributed earnings (Note 5) | None |
| Aug., 2023 | 10 | 673,217,467 | 6,732,174,670 | 673,217,467 | 6,732,174,670 | Undistributed earnings (Note 6) | None |

Note 1: Jing-Shou-Shang Order No. 09701211070
Note 2: Jing-Shou-Shang Order No. 10301159730
Note 3: Jing-Shou-Shang Order No. 10401165930
Note 4: Jing-Shou-Shang Order No. 10501195270
Note 5: Jing-Shou-Shang Order No. 10601111250
Note 6: Jing-Shou-Shang Order No. 11230152440

| Category of Share | Authorized Share | | | Remark |
|---|---|---|---|---|
| | Outstanding Share | Unissued Share | Total | |
| Common Share | 673,217,467 shares | 326,782,533 shares | 1,000,000,000 shares | Jing-Shou-Shang Order No.11101119460 |

Information on the shelf registration system: None.

### 4.1.2 Structure of Shareholders (Apr. 23, 2024)

| Type of Shareholders | Government Agencies | Financial Institution | Other Institutional Investor | Individual | Foreign Institution and Natural Person | Total |
|---|---|---|---|---|---|---|
| Number | 1 | 15 | 302 | 61,459 | 203 | 61,980 |
| Share held | 1,998,000 | 2,661,333 | 243,445,716 | 319,758,574 | 105,353,844 | 673,217,467 |
| Ratio of share held | 0.3% | 0.39% | 36.16% | 47.5% | 15.65% | 100.00% |

`

4.1.3 Distribution of share held: (Face Value: NT$ 10 per share)

1. Common Shares (Apr. 23, 2024)

| Categories (Share) | Number of Shareholders | Total of Share held | Ratio |
|---|---|---|---|
| 1 to 999 | 39,153 | 5,765,117 | 0.86% |
| 1,000 to 5,000 | 16,538 | 35,165,237 | 5.22% |
| 5,001 to 10,000 | 3,014 | 21,384,079 | 3.18% |
| 10,001 to 15,000 | 1,181 | 13,885,682 | 2.06% |
| 15,001 to 20,000 | 492 | 8,695,516 | 1.29% |
| 20,001 to 30,000 | 573 | 13,837,302 | 2.06% |
| 30,001 to 50,000 | 392 | 15,158,244 | 2.25% |
| 50,001 to 100,000 | 286 | 19,752,309 | 2.93% |
| 100,001 to 200,000 | 163 | 22,561,228 | 3.35% |
| 200,001 to 400,000 | 78 | 21,801,167 | 3.24% |
| 400,001 to 600,000 | 33 | 16,023,549 | 2.38% |
| 600,001 to 800,000 | 12 | 8,323,206 | 1.24% |
| 800,001 to 1,000,000 | 6 | 5,542,083 | 0.82% |
| 1,000,001 and above | 59 | 465,322,748 | 69.12% |
| Total | 61,980 | 673,217,467 | 100.00% |

2. Preferred Shares: None.

4.1.4 List of Major Shareholders (Apr. 23, 2024)

| Name of Major Shareholder | Share held | Ratio |
|---|---|---|
| Sheng-Yuan Investment Co., Ltd. | 69,505,485 | 10.32% |
| Yu-Sheng Investment Co., Ltd. | 69,267,998 | 10.29% |
| HOU, Bo-Yi | 52,414,898 | 7.79% |
| HSBC custodian Pictet investment accounts | 33,009,427 | 4.90% |
| Bo-Chih Investment Co., Ltd. | 28,730,080 | 4.27% |
| HOU SU, Ching-Chieh | 23,065,547 | 3.43% |
| Standard Chartered custodian DBS Bank 0600049662 | 21,706,919 | 3.22% |
| HOU, Bo-Yu | 17,626,498 | 2.62% |
| T.H. Wu Foundation | 12,020,255 | 1.79% |
| Long-Yi-Chang Sand & Stone Co., Ltd. | 11,573,330 | 1.72% |

## 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share (Unit: NT$/thousand shares)

| Item | | | 2023 | 2022 | As of Mar. 31,2024 |
|---|---|---|---|---|---|
| Market Price per Share (Note 1) | High | | 31.90 | 22.90 | 32.80 |
| | Low | | 21.90 | 19.50 | 28.00 |
| | Average | | 28.22 | 21.40 | 30.54 |
| Net Worth per Share (Note2) | Before distribution | | 32.48 | 32.00 | (Note9) |
| | After distribution | | NA | 30.20 | NA |
| Earnings per Share(Note3) | Weighted Average Shares | | 673,217 | 653,609 | 673,217 |
| | EPS | Basic | 3.13 | 3.12 | (Note9) |
| | | Diluted | NA | 3.03 | NA |
| Dividends per Share | Cash dividends | | 1.8(Note8) | 1.5 | NA |
| | Stock Dividends | Eamings distribution | 0.2(Note8) | 0.3 | NA |
| | | Capital distribution | (Note8) | 0 | NA |
| | Accumulated undistributed dividends(Note 4) | | NA | 0 | NA |
| Return on Investment | Price / Earnings Ratio (Note 5) | Diluted Price / Earnings Ratio | 9.02 | 6.86 | NA |
| | | Adjusted Diluted Price / Earnings Ratio | NA | 7.06 | NA |
| | Price / Dividend Ratio(Note 6) | | 15.68 | 14.27 | NA |
| | Cash Dividend Yield Rate (Note 7) | | 6.38% | 7.01% | NA |

If bonus shares were issued, present the retrospectively adjusted market price per share and cash dividends per share.
Note 1: Present the highest and lowest market prices of common stock for each year, and calculate the average market price for each year based on the trading value and volume available on the TWSE website.
Note 2: Disclose the information based on the outstanding shares as of the end of the fiscal year as well as the distribution plan approved by the Board or by the AGM from the following year.
Note 3: If retrospective adjustments to the EPS calculation are necessary to properly account for share dividend dilution, present the EPS before and after the adjustment.
Note 4: If there are provisions regarding the issuance conditions of equity securities, the accumulated unpaid dividends as of the end of that year shall be disclosed separately, and should be accumulated until they are distributed in a profitable year.
Note 5: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 6: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 7: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
Note 8: The resolution is finalized after AGM.
Note 9: As of the publication date, the financial information for the current year ended March 31, 2024 has not been reviewed by an accountant.

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### 4.1.6 Dividend Policy and Implementation thereof

1. Dividend Policy of the Company

For fiscal year where a profit is recognized in final report of the Company, the Company shall fulfill its tax liability according to applicable law, cover loss from previous fiscal year and set aside 10% of the profit as legal reserve. In case where accumulated legal reserve has reached paid-in capital, the Company may cease setting aside such legal reserve and only set aside reserve as per other applicable regulation or set aside the special reserve. Further surplus, if any, shall be incorporated with accumulated reserve which is yet distributed and proposed by the Board as Proposition of Distribution of Reserve and submitted to AGM for adoption. The ratio of distribution shall be,

A. Bonus for Employee: No less than 1%.

B. Bonus for Directors: No more than 3%.

C. Dividend for common share shall be decided by the remainder after appropriation of amount stipulated in clause A and B and proposed by the Board as proposition of distribution of reserve and submitted to AGM for adoption.

The Company is currently located at a steady cycle of growth whereas the high technology industry is located at the developing cycle. In consideration of the Company's future demand of funds and long-term financial planning, the dividend shall all be distributed in cash. The Company may decide to distribute the reserve in both cash and stock for fiscal year during which the demand for fund is considered whereas stock dividend shall not exceed 50% of total dividend and cash dividend shall account for no less than 50% of profit of the year.

AGM may adopt to adjust distribution ratio stipulate above by considering the profitability and demand for funds of the Company.

2. Implementation

| Form of Dividend / Year | Cash Dividend per Share | Stock Dividend per Share (Cash equivalent) |
|---|---|---|
| 2019 | 1.0 | 0 |
| 2020 | 1.1 | 0 |
| 2021 | 1.0 | 0 |
| 2022 | 1.5 | 0.3 |
| 2023 | To be adopted by AGM | |

Dividend for year of 2022 has been distributed on Aug. 28, 2023. Dividend for year of 2023 shall be adopted by 2024 AGM. The record date shall be decided after the adoption of proposal.

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3. The proposition of distribution of reserve for 2023 is as follow:

| Item | Amount |
|---|---|
| Unappropriated Retained Earnings of Previous Years | 5,991,299,393 |
| Minus: Adjustment incurred by Affiliates under equity method | (859,253) |
| Plus: Disposal of equity instrument at FVOCI | 1,619,682 |
| Plus: Net Profit of 2023 after tax | 2,107,757,622 |
| Minus: Setting aside of legal reserve | (210,851,805) |
| Earnings available for distribution | 7,888,965,639 |
| Distribution of： | |
| Dividend (NT$ 1.8 in cash per share) | 1,211,791,441 |
| Dividend (NT$ 0.2 in stock per share) | 134,643,490 |
| Unappropriated Retained Earnings for year ended in 2023 | 6,542,530,708 |

### 4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted in recent AGM

The Company proposes to distribute dividend in both cash and stock for year of 2024. Pursuant to relevant regulations, the Company was not mandated to disclose financial projection for the year the dividend is attributed to and thus disclosure under this section is not applicable.

### 4.1.8 Compensation of employees and directors

1. The percentages or ranges with respect to employee and director compensation, as set forth in the Company's articles of incorporation:

   The Company shall set aside no less than 1% of profit, if any, as compensation for employee in the year where the Company reports profit. The Board may resolve to distribute in cash or stock and may apply to employee of subordinating company. The Board may resolve to set aside no more than 3% as compensation for Directors and may only distribute in cash. Proposition of distribution of compensation for both employee and directors shall be submitted to AGM for report.

   If the Company still recognize accumulated loss, compensation for loss shall be appropriated before setting aside of compensation for employee and directors.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   Any difference between the estimate and the actual distribution of compensation for employee and directors, bonus in stock for the year of 2023 shall be regarded as changes in accounting estimates and be treated as profit or loss of 2024.

3. Information on any approval by the Board of distribution of compensation:

   The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment is disclosed as follow:

   The Board has resolved on Mar. 15, 2024 to distribute compensation of NT$ 42,971,328 in cash for employee and same amount for directors. The amount matches the estimate recognized for year of 2023.

`

The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable as the employee compensation will be distributed in cash.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause, and how it is treated -No difference identified.

| Item | Compensation for year of 2022 | | |
|---|---|---|---|
| | Amount Distributed | Amount Estimated | Difference |
| Compensation for Employee | 31,289,802 | 31,289,802 | 0 |
| Compensation for Directors | 31,289,802 | 31,289,802 | 0 |

4.1.9 Status of Buy-back of Treasury Stock: None.

## 4.2 Information on the Company’s Issuance of Corporate Bonds

None.

## 4.3 Information on the Company’s Issuance of Preferred Shares

None.

## 4.4 Information on the Company’s Issuance of Global Depository Receipts

None.

## 4.5 Information on Employee Stock Options and New Restricted Employee Shares

None.

## 4.6 Information on new shares issuance in connection with mergers or acquisitions

None.

## 4.7 Implementation of the Company's capital allocation plans

Not applicable as the Company did not offer or issue securities by shelf registration.

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# V. Operational Highlights

## 5.1 Business

### 5.1.1 Business Scope

A. Main areas of business operations

a. Manufacturing, sales and transportation of Cement.

b. Manufacturing, sales and transportation of Ready-mixed concrete(RMC).

c. Manufacturing and distribution of fire-resistant material.

d. Indoor light steel framing.

e. Retail of Building Materials.

f. Manufacturing and sales of other non-metallic mineral products.

g. Manufacturing and sales of electronic components.

h. Wholesale of electronic materials.

i. Manufacturing and sales of Computer and peripheral equipment.

j. Waste disposal industry.

B. Distribution of Revenue among products sectors

| Cement | RMC | Gypsum board |
|---|---|---|
| 22% | 64% | 14% |

C. Main products

a. Cement.

b. RMC.

c. Gypsum board.

d. Other building materials.

e. Hair-thin pressure-sensing electronic technology products.

D. New products development

a. Various innovative performance building materials.

b. New type of pressure sensor.

### 5.1.2 Industry Overview

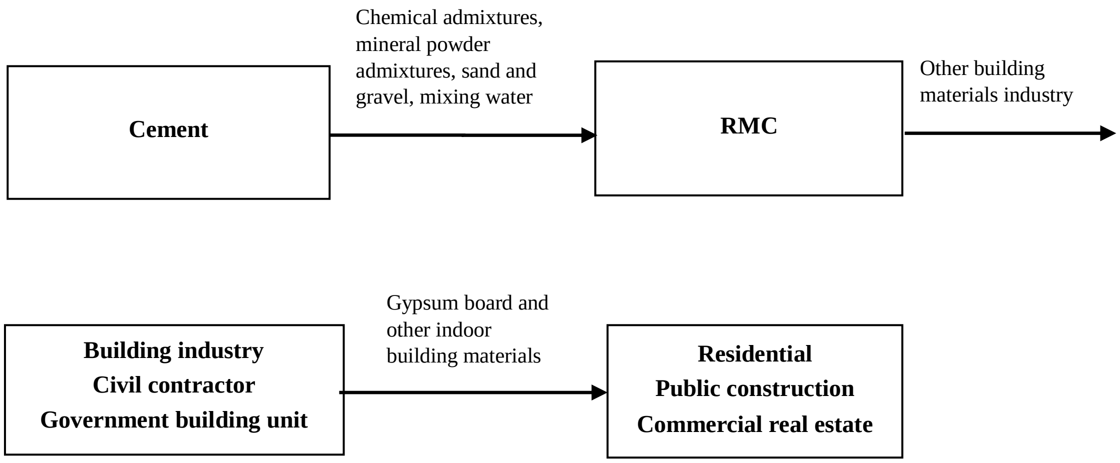
A. Status and Future Development

The cement, ready-mixed concrete and gypsum boards produced by the Company are basic building materials and the Company is one of the suppliers of main raw material in Taiwan's construction industry. In 2023, the government promotes Forward-looking Infrastructure Development Program to drive public projects; and enterprises actively invest in new factories and offices. The overall demand for the industry is on the increase.

Our important subsidiary company, Uneo Inc., leading role of pressure sensor technology in Taiwan, Uneo’s major products are flexible electronic pressure sensors, pressure sensor modules, and flexible microelectromechanical pressure sensing instruments. The applications and products are widely used in computer, communication and consumer electronics, stylus, industrial and semiconductor equipment, smart warehouse and medical monitoring industries.

B. Illustration of the supply chain of the industry

The cement, concrete and gypsum boards produced by the Company are basic building materials, and the industry chain relationship is illustrated as below:




C. Product Development Trends and Competitions

In recent years, the government has developed forward-looking plans to drive public projects and enterprises have actively invested in new factories and offices. The market has strong demand for the Company's products. The Company has provided good quality and service to customers for a long time, and the competition among the peers in the industry is expected to remain reasonable and stable. The Executive Yuan announced that starting from January 1, 2020, the application of green building materials for interior decoration and floor materials in all buildings has increased from 45% to 60% due to the global trend of using green building materials. The Company's gypsum board products have obtained the healthy and recycling green building materials label, which is advantageous for sales and promotion.

### 5.1.3 Research and Development

A. Continue to expand the application of gypsum board and develop gypsum board systems for rooftop and cladding system.

B. Introduce Japanese exterior wall systems to the domestic market and combine it with the Company's products, continuing to develop new exterior wall systems and optimize performance and hence extend the Company's gypsum board application from indoor to outdoor for the product’s progress and diversity.

C. Continue to improve the performance of the Company’s products in terms of moisture resistance, fire-resistant, heat insulation, sound insulation, convenience in construction and recycling to consolidate the Company’s industry leading position.

D. Develop various ready-mixed concrete formula and implement standard production processes in response to different customer needs.

E. The R&D expenditures and budget of all companies in the financial report for 2022 to

`

2024 are as follow,

| Year | 2024 (Budget) | 2023 | 2022 |
|---|---|---|---|
| R&D Expenditure( NT$ thousands) | 55,856 | 72,623 | 92,355 |
| Ration to revenue | 0.9% | 0.9% | 1.3% |

Note: expenditure for 2022 and 2023 are audited by CPA.

### 5.1.4 Long-term and Short-term Development

A. Short-term Development Plan

a. Cement: Strike the balance between production and sale, manage the production cost, and create profit stably.

b. RMC & Gypsum Board: Increase production capacity, control costs, and increase sales.

c. Pressure Sensor: Combined with pressure sensor, it is made into a standard-like module, allowing customers to quickly apply and import it in the fields of stylus, medical monitoring, etc., and quickly expand to China and other markets. And develop a new type of pressure sensor, introduce it into the smart storage product market, and conduct mass production. According to the needs of Taiwanese semiconductor, panel, and production process customers, we provide the measuring instruments required by manufacturers.

B. Long-term Development Plan

a. Cement: Optimize the structure of the sale and enhance profitability.

b. RMC: Coordinate production capacity and supply network to increase market share.

c. Gypsum Board: Continue to promote the advantages of gypsum boards such as fire resistance, earthquake resistance, heat insulation, sound insulation, stability, easy construction, recycling, environmental friendliness and non-toxicity for the diverse applications of gypsum boards.

d. Pressure Sensor: Sign new agency cooperation and develop strategic partners, use the solution to provide each type of standard product module, deploy overseas bases, expand business in China and overseas markets, and provide complete products for target markets.

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## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

A. Sales (Service) Region of Major Products

a. Cement: Sales area is mainly at the southern Taiwan to Taichung, and partial in the northern Taiwan.

b. RMC: Sales area in Taiwan covers Hsinchu, Taichung, Tainan, Kaohsiung and Pingtung.

c. Gypsum Board: Sales area of gypsum boards is mainly domestic with partial exported.

d. Pressure Sensor: The key marketing areas to focus on are Asia, Europe and the United States.

e. Market Share of Major Products

| Cement | Gypsum board |
|---|---|
| 3% | 94% |

| RMC | | |
|---|---|---|
| Tainan | Kaohsiung | Pingtung |
| 21% | 20% | 23% |

B. Future Growth of Major Products

In recent years, the government has promoted Forward-looking Infrastructure Development Program to drive public projects, and enterprises have actively invested in new factories and offices. The market has strong demand for the Company’s products. The Company has been offering good quality and service for a long time, and actively improving product performance. The future market share is expected to maintain stable growth.

Under the trend of developing eHealth, checkout-free supermarkets and Industry 4.0, pressure-sensing film-related products will be the main innovation driving force for the group's rapid growth in the future.

C. Future Growth of Major Products

In recent years, the government has promoted Forward-looking Infrastructure Development Program to drive public projects, and enterprises have actively invested in new factories and offices. The market has strong demand for the Company’s products. The Company has been offering good quality and service for a long time, and actively improving product performance. The future market share is expected to maintain stable growth.

Under the trend of developing eHealth, checkout-free supermarkets and Industry 4.0, pressure-sensing film-related products will be the main innovation driving force for the group's rapid growth in the future.

D. Competitive Niche

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The quality of the Company's products has been highly recognized by customers and has established a good brand image and reputation in the market. The Company is the sole domestic gypsum board manufacturer with more than 90% of market share national-wide. The Company’s cement and ready-mixed concrete are local brands in the south and are widely designated by customers. Uneo Inc.'s pressure sensing film technology has been recognized by global market, and Uneo Inc. has cooperated with world well-known customers from various industries.

Favorable and Unfavorable Factors for Industry Development and Countermeasures for Unfavorable Factors

**Favorable Factors for Industry:**

a. Due to the frequent occurrence of earthquakes, the trend of disaster prevention urban renewal is clear. The government will speed up the urban renewal review system, which will help shorten the time period and energize civil engineering.

b. In recent years, the government has promoted Forward-looking Infrastructure Development Program to drive public projects, and enterprises have actively invested in new factories and offices, and there is a strong demand for basic building materials.

c. The Company has insisted on maintaining good product quality and service for a long time, and actively improves product performance and obtains green building material certification, which has been deeply recognized by customers.

**Unfavorable Factors for Industry:**

a. Since the government's energy policy is aiming for natural gas and wind power generation in place of coal-fired power generation, it is getting more challenging to obtain synthetic gypsum, major raw material, domestically. Also, the rise of electricity expense increases the production costs.

b. The dumping of low-priced gypsum boards has made the gypsum board market competitive.

c. Operating costs of keep factors such as sand and gravel, transportation, and wages are rising year by year.

**Countermeasures for Unfavorable Factors:**

a. Manufacture with efficient in off-peak hours for lower electricity expenses, increase the usage of cheaper coal, keep up with raw material cost fluctuations, and implement cost management. Proactively implement cost management policies by leveraging the benefit of off-peak electricity tariff when conducting production planning and keep sensitive to the fluctuation of cost of raw material.

b. Actively implement cost management to ensure market competitive advantages.

c. Encourage employees to develop diverse skill, and perform job rotations in a timely and appropriate manner to deploy human resources flexibly.

**5.2.2 Production Procedures of Main Products**

A. Major Products and Their Main Uses

a. Cement, RMC and Gypsum Board: For construction projects.

b. Pressure Sensor: Apply to stylus, industrial and semiconductor equipment, pressure distribution measuring instruments, smart healthcare monitoring, medical beds, etc.

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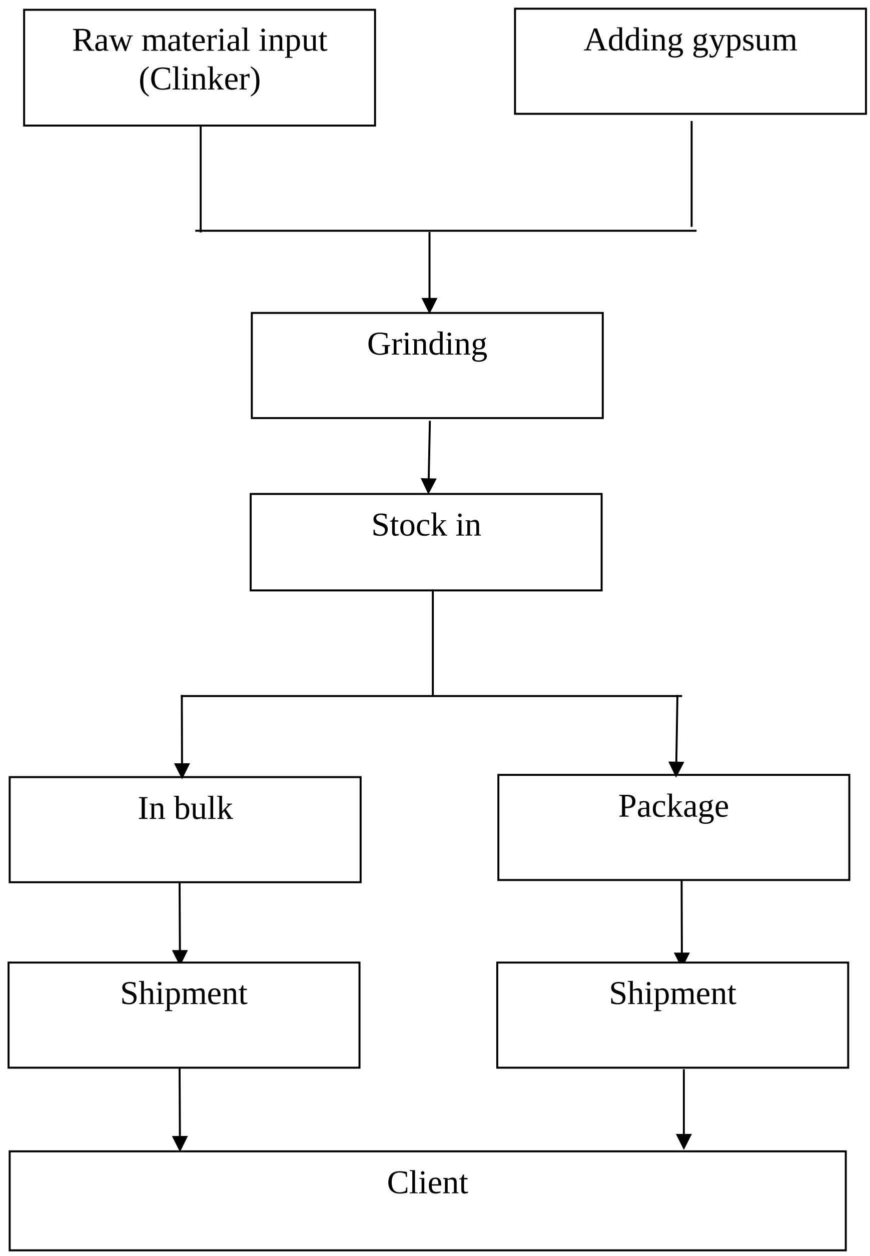
B. Major Products and Their Production Processes

a. The Company's cement production process



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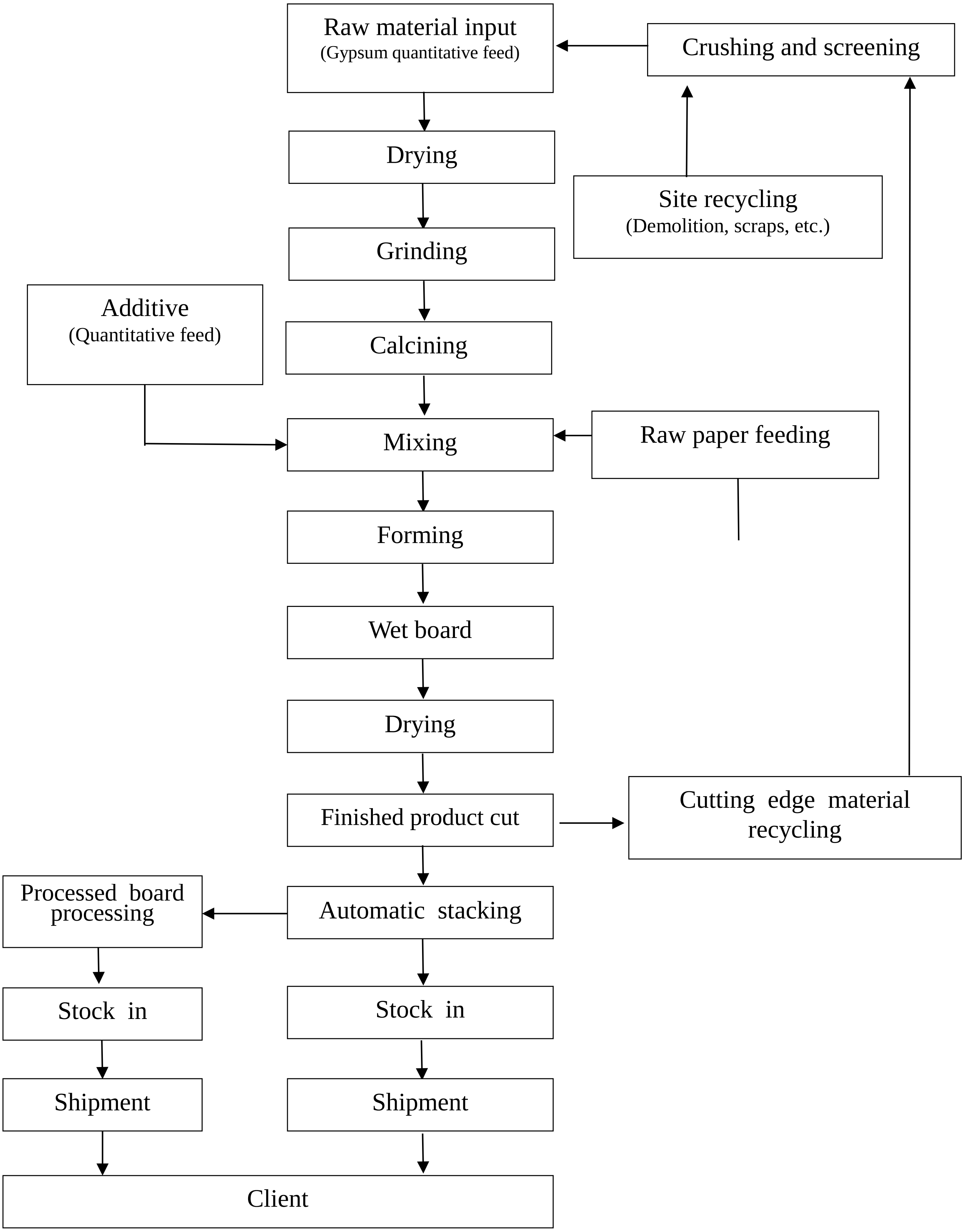
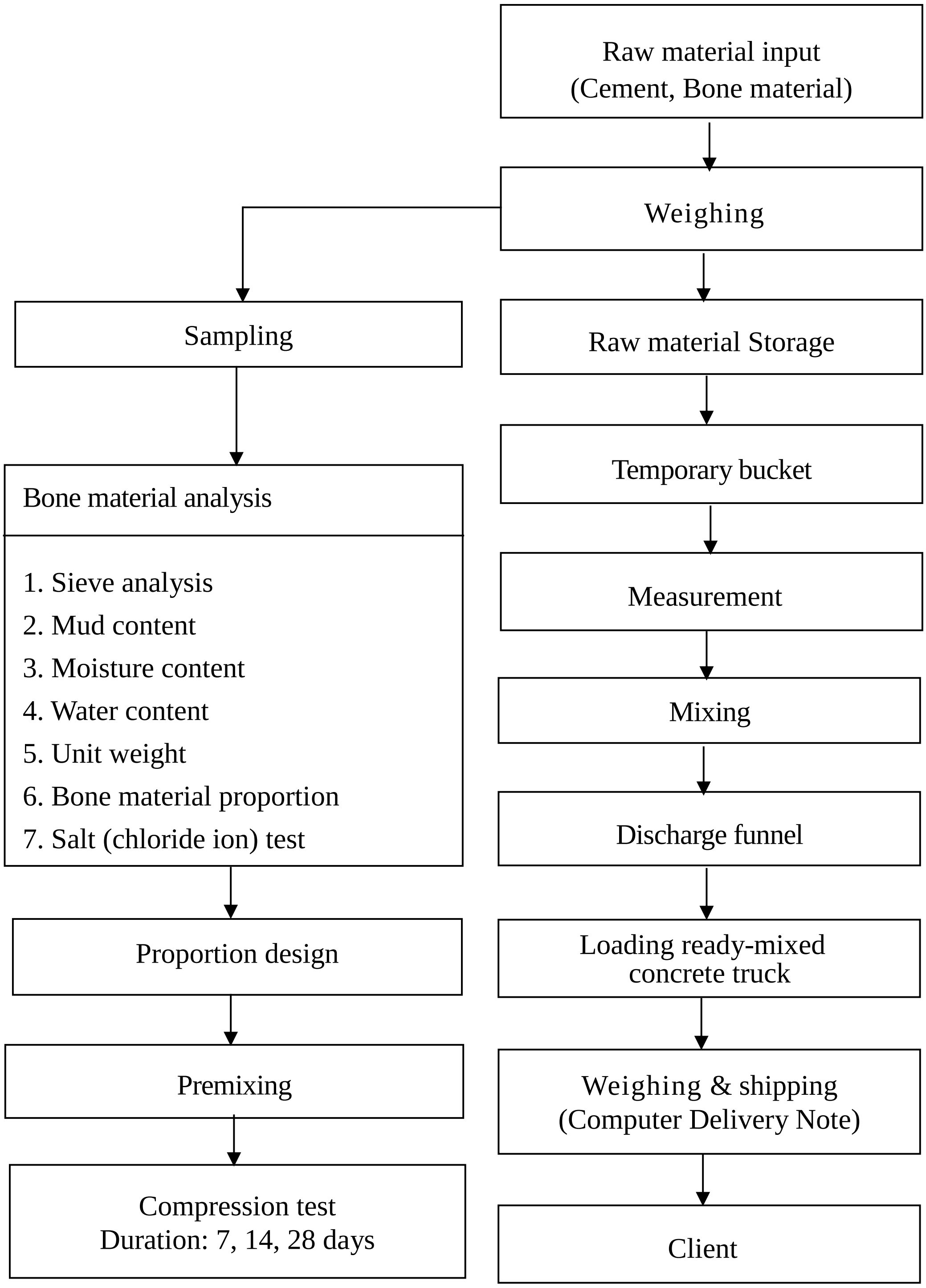
b. The Company's gypsum board production process



c. The Company's ready-mixed concrete production process



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### 5.2.3 Supply Status of Main Materials

| Materials / Item | Clinker | Gravel | Gypsum | | Raw paper |
|---|---|---|---|---|---|
| | | | Natural | Desulfurization | |
| Monthly requirement（tons） | 28,000 | 150,000 | 0 | 14,000 | 370 |
| Safety stock（days） | 30 | 30 | 0 | 60 | 60 |

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### 5.2.4 Major Suppliers and Clients

A. Major Suppliers, in recent 2 fiscal years (Unit: NT$ thousands)

| Item | 2023 | | | | 2022 | | | | As of Mar. 31,2024, Note 1 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Company Name | Amount | Percent | Relation with Issuer | Company Name | Amount | Percent | Relation with Issuer | Company Name | Amount | Percent | Relation with Issuer |
| 1 | The Taiwan Cement Corporation | 2,285,288 | 44% | - | The Taiwan Cement Corporation | 1,870,106 | 39% | - | - | - | - | - |
| | Others | 2,900,360 | 56% | - | Others | 2,939,739 | 61% | - | - | - | - | - |
| | Net Purchase | 5,185,648 | 100% | - | Net Purchase | 4,809,845 | 100% | - | - | - | - | - |

Note 1: As of the publication date, the consolidated financial information as of Mar. 31, 2024 has not been reviewed by accountant.

B. Major Clients, in recent 2 fiscal years (Unit: NT$ thousands)

| Item | 2023 | | | | 2022 | | | | As of Mar. 31,2024, Note 1 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Company Name | Amount | Percent | Relation with Issuer | Company Name | Amount | Percent | Relation with Issuer | Company Name | Amount | Percent | Relation with Issuer |
| 1 | Hung Hsin Building Materials Co.,Ltd | 703,039 | 9% | - | Hung Hsin Building Materials Co.,Ltd | 624,940 | 9% | - | - | - | - | - |
| | Others | 7,099,323 | 91% | - | Others | 6,430,849 | 91% | - | - | - | - | - |
| | Net Sales | 7,802,362 | 100% | - | Net Sales | 7,055,789 | 100% | - | - | - | - | - |

Note 1: As of the publication date, the consolidated financial information as of March 31, 2024 has not been reviewed by accountant.

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### 5.2.5 Production, in recent 2 fiscal years:

| Year / Production / Major Products (or by department) | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Capacity | Quantity | Amount (NT$ thousands) | Capacity | Quantity | Amount (NT$ thousands) |
| Cement | 800,000(t) | 393,104(t) | 813,690 | 800,000(t) | 443,929(t) | 708,766 |
| Ready-mixed concrete | 2,448,000($M^3$) | 1,554,731($M^3$) | 3,179,125 | 2,448,000($M^3$) | 1,676,719($M^3$) | 3,157,339 |
| Gypsum board | 20,000,000($M^2$) | 16,146,837($M^2$) | 678,898 | 20,000,000($M^2$) | 15,370,968($M^2$) | 637,009 |
| Other | | | 50,156 | | | 30,116 |
| Individual production value | - | - | 4,721,870 | - | - | 4,533,229 |
| Consolidated production value | - | - | (Note1) 5,479,380 | - | - | (Note1) 5,103,579 |

Note 1: Including Universal RMC Industry Co., Ltd., excluding Huan-Chung International Co., Ltd. and Uneo Inc. as the trading business, Kaohsiung Pier Transportation Co., Ltd. as the dispatch and transportation industry, and the remaining subsidiaries as the holding and investment industry.

### 5.2.6 Shipments and Sales, in recent 2 fiscal years:

| Year / Shipments & Sales / Major Products (or by departments) | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic Sales | | Export | | Domestic Sales | | Export | |
| | Quantity | Revenue | Quantity | Revenue (NT$ thousands) | Quantity | Revenue | Quantity | Revenue (NT$ thousands) |
| Cement | (Note 1) 267,172(t) | 844,195 | - | - | (Note 1) 269,308(t) | 800,911 | - | - |
| Ready-mixed concrete | 1,554,731($M^3$) | 4,087,150 | - | - | 1,676,719($M^3$) | 3,952,237 | - | - |
| Gypsum board | 15,194,779($M^2$) | 1,030,980 | 762,123 ($M^2$) | 23,002 | 14,816,068($M^2$) | 912,854 | 960,065 ($M^2$) | 21,502 |
| Other | - | 22,532 | - | - | - | 22,692 | - | - |
| Individual sales value | - | 5,984,858 | - | 23,002 | - | 5,688,694 | - | 21,502 |
| Consolidated sales value | - | 7,767,850 | - | 34,512 | - | 7,013,504 | - | 42,285 |

Note 1: Cement sales did not include self-use cement 168,659 tons in 2022, 116,131 tons in 2023.

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5.3 The number of employees employed, their average years of service, average age, and education levels, in recent fiscal year as of the Publication Date

| Duration | | 2022 | 2023 | As of Apr. 30, 2024 |
|---|---|---|---|---|
| Number of Employee | Total | 487 | 473 | 473 |
| Age in Average | | 41.61 | 42.05 | 42.55 |
| Seniority in Average | | 9.90 | 10.38 | 10.32 |
| Education level | Ph. D | 0.62% | 0.63% | 0.85% |
| | Master | 10.68% | 9.73% | 9.73% |
| | Bachelor | 58.73% | 59.62% | 59.62% |
| | High School | 27.93% | 27.91% | 27.91% |
| | Below | 2.05% | 2.11% | 1.90% |

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## 5.4 Environmental Expenditure

The loss (including compensation) and penalty resulted from environmental pollution, in recent fiscal year as of the publication date:

| Unit | Description of Violation | Date of Sanction | Reference of Sanction Order | Regulation Violated | Sanction | Countermeasures and estimated amount for fine in the future |
|---|---|---|---|---|---|---|
| Haihu Gypsum Board Plant | 1. Storage of wasted industrial material, code R-1703 & R2407, in inappropriate area.<br>2. Reuse of waste industrial material, code R-0411 outside of scope of permission without amendment to permission. | 2023.6.6 | 40-112-050014 | Art. 31, Sec. 1, Sub-sec. 1 of Waste Disposal Act | Fine. NT$ 6,000. | Improved as advised. |
| Alian Cement Plant | Readings of the pressure drops between dust collectors are inconsistent with operation permission. | 2023.10.26 | 20-112-100022 | Art. 24 Sec. 2 of Air Pollution Control Act | Fine. NT$ 100,000. | Improved as advised. |
| Yongkang RMC Plant | 1. Height of storage is higher that covering net.<br>2. Leakage of close-end transportation system.<br>3. Color difference on the route of vehicle.<br>4. Color difference on the route of exit.<br>5. Fail to establish car washing equipment at exit. | 2024.2.17 | 20-113-020005 | Art. 23, Sec. 2 of Air Pollution Control Act<br>Art. 4 ~ Art. 6 of Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources | Fine. NT$ 225,000.<br>Mandatory participation to environmental seminar-2hrs | Improved as advised. |

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## 5.5 Labor Relations

### 5.5.1 Illustration various measures of employee benefit, advanced studies, training and retirement and its implementation

1. Employee Benefit:

The Company has established Employee's Welfare Committee pursuant to official confirmation by Taipei City Government in 1969. The goal of the committee is to make sure the implementation of various benefits of the employee, including subsidy to the tuition of employee's children, gift money for festivals, monthly birthday party, company tour.

2. Advanced Studies:

The Company encourages employee to take on-job study degree program and provide loans of tuition for employees and their children.

3. Training:

Training for new employee,

In order to enhance the understanding of the job description and the environment, the Company has implemented necessary training on new employee.

On-job Training,

The Company provides ad hoc on-job training hosted in-house or by external institution in order to enhance the employee's knowledge required by his/her position.

4. Retirement:

The Company has filed and established Supervisory Committee of Labor Retirement Reserve in 1980. Internal regulation governing retirement of the employee has been adopted in 1984 pursuant to Labor Standards Act. The Company has appropriated retirement reserve monthly according to relevant regulations and deposited into special account registered in Dept. of Trust, Bank of Taiwan.

Labor Pension Act has been implemented on July 1st, 2005 which allows employees the liberty to choose applicable scheme. For employee who chose this scheme, the Company shall appropriate a reserve for pension equivalent to 6% of salary pursuant to applicable regulations.

5. Other important agreement:

The employment agreement between the employee and the Company has followed the principle stipulated by Labor Standards Act and supplemented by Working Guideline of the Company.

### 5.5.2 Losses suffered due to labor disputes in recent fiscal year as of the publication date: None.

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## 5.6 Cyber Security Management

### 5.6.1 Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

Cyber Security Risk Framework

On Nov. 9, 2022, the Board passed a resolution and announced the establishment of a Chief Information Security Officer (CISO) and a dedicated information security team. The team includes a CISO and a dedicated information security personnel responsible for promoting, coordinating, and supervising the Company's cyber security management affairs. A "Cyber Security Management Committee" was also established to hold regular meetings every month to review policies and goals, effectively communicate with employees, and raise awareness of their importance. The committee will regularly report on the implementation of cyber security management to the Board at least once a year.

Cyber Security Policy

This policy applies to Universal Cement Corporation, its subsidiaries, and other group companies that are under its substantial control (hereinafter referred to as "the organization"). The scope includes the organization's employees and vendors who have access to internal information. The purpose of this policy is to provide guidelines for cyber security and to ensure that all employees and vendors adhere to them in order to facilitate the smooth operation of business processes and ensure that information and communication systems are properly protected.

(1) Definition of Terms:

A. Information and communication system: That refers to the system to be used to collect, control, transmit, store, circulate, delete information or to make other processing, using and sharing of such information.

B. Information and communication service: That refers to the service to be used to collect, control, transmit, store, circulate, delete information or to make other processing, use and sharing of such information.

C. Cyber security: That refers to such effort to prevent information and communication system or information from being unauthorized access, use, control, disclosure, damage, alteration, destruction or other infringement to assure the confidentiality, integrity and availability of information and system.

D. Confidentiality: It ensures that only authorized personnel can use the information.

E. Integrity: It ensures that the information used is correct and has not been doctored.

F. Availability: It ensures that authorized personnel have access to the required information.

(2) Cyber Security Policy Objectives

A. Take appropriate protection and preventive measures for organization’s sensitive data to reduce the risk of cyber security incidents.

B. Reduce the impact of cyber security incidents such as damage, theft, leakage, tampering, abuse, and infringement.

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C. Continuously improve the confidentiality, integrity, and availability of the organization’s cyber security operations.

(3) Cyber Security Management Policy

A. When a cyber security incident happens, it can be timely informed, dealt with and restored within the specified time. The information system structure will gradually establish a high-availability backup and off-site data backup mechanism according to its risk level to ensure uninterrupted services. It will also strengthen system recovery drills to ensure that the system recovery time meets the expectation.

B. In response to changes in the cyber security threat, cyber security education and training will be conducted to boost the staff’s awareness of cyber security. Most of the cyber security incidents come from the negligence and lack of cyber security awareness of staff. Thus, regular cyber security publicity and education training is necessary.

C. Please do not open emails from unknown sources or unidentifiable senders. Regular email social engineering drills will be conducted every year. Colleagues who open such emails or links by mistake will receive further training and records of the training will be recorded for future reference.

D. We aim to enhance the level and mechanism of cyber security equipment, improve defense capabilities, and prevent virus or intrusion and extortion events. At the event of a cyber security incident, the relevant unit should be notified immediately to reduce subsequent losses caused by the cyber security incident.

E. Be alert to security bugs notices, patch high-risk bugs in real time, and regularly assess and handle security bugs repairs for equipment, system components, database systems, and software.

5.6.2 List any losses suffered by the Company in recent fiscal year as of the publication date, due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

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## 5.7 Important Contract

| Type | Contracting Party | Contracting Period | Description | Restriction Clause |
|---|---|---|---|---|
| Leasing Agreement | Feng-Li Enterprise Co. Ltd.. | 2022.9.1~2029.8.31 | Rent for Fengshan RMC Plant | None |
| Leasing Agreement | International Textile Co. Ltd. | 2023.10.11~2024.10.10 | Rent for Yongkang RMC Plant | None |
| Leasing Agreement | Tainan RMC Industry Co., Ltd. | 2024.1.1~2024.12.31 | Rent for Tainan RMC Plant | None |
| Leasing Agreement | Universal Real Estate Development Company | 2023.8.1~2024.7.31 | Leasing of office space in San-Lien Building | None |
| Leasing Agreement | Global Town Business Center Co. Ltd. | 2019.4.1~2029.6.31 | Leasing of office space in San-Lien Building | None |
| Leasing Agreement | Tainan RMC Industry Co., Ltd. | 2023.12.1 ~2024.11.30 | Rent for Madou RMC Plant | None |

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# VI. Financial Information

## 6.1 Five-Year Financial Summary

### 6.1.1 Condensed Balance Sheet

### A. Consolidated Condensed Balance Sheet (Unit: NT$ thousands)

| Item \ Year | | Financial Summary in Recent Five Years( Note 1) | | | | | As of Mar. 31, 2024 (Note 2) |
|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Current assets | | 6,836,434 | 5,648,586 | 5,004,661 | 4,391,640 | 4,267,262 | |
| Property, Plant and Equipment | | 7,342,196 | 7,911,538 | 6,890,696 | 6,680,071 | 6,180,847 | |
| Intangible assets | | 10,648 | 11,992 | 8,404 | 8,075 | 7,854 | |
| Other assets( Note 3) | | 14,000,282 | 14,239,779 | 13,193,061 | 13,023,150 | 12,945,970 | |
| Total assets | | 28,189,560 | 27,811,895 | 25,096,822 | 24,102,936 | 23,401,933 | |
| Current liabilities | Before distribution | 4,078,849 | 4,751,310 | 4,245,043 | 3,795,424 | 3,831,854 | |
| | After distribution | ( Note 4) | 5,731,724 | 4,898,652 | 4,514,394 | 4,485,463 | |
| Non-current liabilities | | 1,432,577 | 1,534,107 | 1,467,303 | 1,522,159 | 1,467,033 | |
| Total liabilities | Before distribution | 5,511,426 | 6,285,4176 | 5,712,346 | 5,317,583 | 5,298,887 | |
| | After distribution | ( Note 4) | 7,265,831 | 6,365,955 | 6,036,553 | 5,952,496 | |
| Shareholders' Equity attributable to the parent company | | 21,869,182 | 20,917,904 | 19,233,465 | 18,656,227 | 17,983,457 | |
| Paid-in Capital | | 6,732,175 | 6,536,092 | 6,536,092 | 6,536,092 | 6,536,092 | |
| Capital surplus | | 123,719 | 123,499 | 66,950 | 65,822 | 41,430 | |
| Retained earnings | Before distribution | 14,205,736 | 13,273,714 | 11,884,891 | 11,515,783 | 11,013,644 | |
| | After distribution | ( Note 4) | 12,293,300 | 11,231,282 | 10,796,813 | 10,360,035 | |
| Other equity | | 807,552 | 984,599 | 745,532 | 538,530 | 392,291 | |
| Treasury stock | | - | - | - | - | - | |
| Non-controlling interest | | 808,952 | 608,574 | 151,011 | 129,126 | 119,589 | |
| Total equity | Before distribution | 22,678,134 | 21,526,478 | 19,384,476 | 18,785,353 | 18,103,046 | |
| | After distribution | ( Note 4) | 20,546,064 | 18,730,867 | 18,066,383 | 17,449,437 | |

Note 1: The financial information has been audited and certified by CPAs.
Note 2: As of the publication date, the consolidated financial information as of March 31, 2024 has not been reviewed by CPAs.
Note 3: Including financial assets at fair value through profit or loss - non-current, financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using equity method, right - of - use assets, investment properties, deferred tax assets, prepayments for equipment and net defined benefit asset.
Note 4: The proposal on 2023 profit distribution is pending ratification by AGM.

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## B. Individual Condensed Balance Sheet (Unit: NT$ thousands)

| Item / Year | | Financial Summary in Recent Five Years( Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2021 | 2020 | 2019 |
| Current assets | | 4,492,938 | 4,389,453 | 4,025,665 | 3,496,309 | 3,474,856 |
| Property, Plant and Equipment | | 6,261,756 | 6,326,916 | 6,629,770 | 6,414,931 | 5,920,949 |
| Intangible assets | | 10,183 | 11,324 | 8,051 | 7,611 | 7,452 |
| Other assets( Note 2) | | 15,771,863 | 15,463,693 | 13,591,503 | 13,110,276 | 13,020,770 |
| Total assets | | 26,536,740 | 26,191,386 | 24,254,989 | 23,029,127 | 22,424,027 |
| Current liabilities | Before distribution | 3,522,761 | 4,127,959 | 3,860,294 | 3,198,586 | 3,240,529 |
| | After distribution | ( Note 3) | 5,108,373 | 4,513,903 | 3,917,556 | 3,894,138 |
| Non-current liabilities | | 1,144,797 | 1,145,523 | 1,161,230 | 1,174,314 | 1,200,041 |
| Total liabilities | Before distribution | 4,667,558 | 5,273,482 | 5,021,524 | 4,372,900 | 4,440,570 |
| | After distribution | ( Note 3) | 6,253,896 | 5,675,133 | 5,091,870 | 5,094,179 |
| Paid-in capital | | 6,732,175 | 6,536,092 | 6,536,092 | 6,536,092 | 6,536,092 |
| Capital surplus | | 123,719 | 123,499 | 66,950 | 65,822 | 41,430 |
| Retained earnings | Before distribution | 14,205,736 | 13,273,714 | 11,884,891 | 11,515,783 | 11,013,644 |
| | After distribution | ( Note 3) | 12,293,300 | 11,231,282 | 10,796,813 | 10,360,035 |
| Other equity | | 807,552 | 984,599 | 745,532 | 538,530 | 392,291 |
| Treasury stock | | - | - | - | - | - |
| Total equity | Before distribution | 21,869,182 | 20,917,904 | 19,233,465 | 18,656,227 | 17,983,457 |
| | After distribution | ( Note 3) | 19,937,490 | 18,579,856 | 17,937,257 | 17,329,848 |

Note 1: The financial information has been audited and certified by CPAs.

Note 2: Including financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using equity method, right - of - use assets, investment properties, deferred tax assets, prepayments for equipment and net defined benefit asset.

Note 3: The proposal on 2023 profit distribution is pending ratification by AGM.

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6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

## A. Consolidated Condensed Statement of Comprehensive Income

| Year / Item | Financial Summary in Recent Five Years ( Note 1) | | | | | As of Mar. 31,2024 (Note 2) |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Operating revenue | 7,802,362 | 7,055,789 | 6,079,107 | 5,426,217 | 5,005,731 | |
| Gross profit | 1,542,140 | 1,366,300 | 1,131,817 | 907,031 | 586,765 | |
| Profit /loss from operations | 974,411 | 841,090 | 710,202 | 493,142 | 170,895 | |
| Non-operating income and expenses | 1,608,181 | 1,542,239 | 530,060 | 804,372 | 1,027,783 | |
| Profit before tax | 2,582,592 | 2,383,329 | 1,240,262 | 1,297,514 | 1,198,678 | |
| Net profit from continuing operation | 2,347,252 | 2,183,492 | 1,114,226 | 1,259,795 | 1,141,682 | |
| Loss of discontinued operations | - | - | - | - | - | |
| Net profit | 2,347,252 | 2,183,492 | 1,114,226 | 1,259,795 | 1,141,682 | |
| Other comprehensive income/loss (net amount after tax) | (176,326) | 240,709 | 206,946 | 79,230 | (183,256) | |
| Total comprehensive income/loss | 2,170,926 | 2,424,201 | 1,321,172 | 1,339,025 | 958,426 | |
| Net profit attributable to owners of parent company | 2,107,758 | 2,041,395 | 1,088,078 | 1,247,252 | 1,135,477 | |
| Net profit attributable to non-controlling interests | 239,494 | 142,097 | 26,148 | 12,543 | 6,205 | |
| Total comprehensive income/loss attributable to owners of parent company | 1,931,472 | 2,281,539 | 1,295,080 | 1,326,470 | 952,128 | |
| Total comprehensive income/loss attributable to non-controlling interest | 239,454 | 142,662 | 26,092 | 12,555 | 6,298 | |
| Earnings per share | 3.13 | 3.03 | 1.66 | 1.91 | 1.74 | |

Note 1: The financial information has been audited and certified by CPAs.
Note 2: As of the publication date, the consolidated financial information as of Mar. 31, 2024 has not been reviewed by CPAs.

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## B. Individual Condensed Statement of Comprehensive Income

| Item \ Year | Financial Summary in Recent Five Years ( Note 1) | | | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 |
| Operating revenue | 6,007,860 | 5,710,196 | 4,826,439 | 4,495,516 | 4,149,136 |
| Gross profit | 1,285,990 | 1,176,967 | 962,604 | 801,903 | 495,207 |
| Profit /loss from operations | 843,077 | 777,989 | 629,650 | 469,884 | 158,345 |
| Non-operating income and expenses | 1,452,591 | 1,437,045 | 571,451 | 811,505 | 1,029,563 |
| Profit before tax | 2,295,668 | 2,215,034 | 1,201,101 | 1,281,389 | 1,187,908 |
| Net profit from continuing operations | 2,107,758 | 2,041,395 | 1,088,078 | 1,247,252 | 1,135,477 |
| Loss of discontinued operations | - | - | - | - | - |
| Net profit | 2,107,758 | 2,041,395 | 1,088,078 | 1,247,252 | 1,135,477 |
| Other comprehensive income/loss (net amount after tax) | (176,286) | 240,144 | 207,002 | 79,218 | (183,349) |
| Total comprehensive income/loss | 1,931,472 | 2,281,539 | 1,295,080 | 1,326,470 | 952,128 |
| Earnings per share | 3.13 | 3.03 | 1.66 | 1.91 | 1.74 |

Note 1: The financial information has been audited and certified by CPAs.

### 6.1.3 Auditors' Opinions in Recent Five Years

| Year | CPA | Audit Opinion | Accounting Firm |
|---|---|---|---|
| 2019 | LIAO, Hung-Ju & YANG, Chao-Chin | Unmodified opinion | Deloitte & Touche-Taiwan |
| 2020 | YANG, Chao-Chin & KUO, Lee- Yuan | Unmodified opinion | Deloitte & Touche-Taiwan |
| 2021 | LEE, Chi-Chen & YANG, Chao-Chin | Unmodified opinion | Deloitte & Touche-Taiwan |
| 2022 | LEE, Chi-Chen & YANG, Chao-Chin | Unmodified opinion | Deloitte & Touche-Taiwan |
| 2023 | LEE, Chi-Chen & YANG, Chao-Chin | Unmodified opinion | Deloitte & Touche-Taiwan |

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## 6.2 Five-Year Financial Analysis

### A. Consolidated Financial Analysis

| Item \ Year | | | Financial Analysis in Recent Five Years ( Note 1) | | | | | As of Mar. 31, 2024 Note 2 |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Financial structure (%) | Liabilities to assets ratio | | 19.55 | 22.59 | 22.76 | 22.06 | 22.64 | - |
| | Long-term capital to property, plant and equipment ratio | | 328.38 | 291.48 | 302.60 | 304.00 | 316.62 | - |
| Solvency | Current ratio (%) | | 167.60 | 118.88 | 117.89 | 115.70 | 111.36 | - |
| | Quick ratio (%) | | 157.53 | 109.97 | 110.32 | 106.75 | 103.58 | - |
| | Interest coverage ratio (times) | | 47.39 | 58.19 | 43.34 | 42.32 | 37.42 | - |
| Operations | Accounts receivable turnover (times) | | 3.72 | 3.84 | 3.93 | 4.00 | 3.98 | - |
| | Average collection cycle | | 98.11 | 95.05 | 92.87 | 91.25 | 91.70 | - |
| | Inventory turnover (times) | | 16.00 | 16.44 | 17.02 | 16.50 | 15.83 | - |
| | Accounts payable turnover (times) | | 6.75 | 6.96 | 7.00 | 6.80 | 6.60 | - |
| | Average days in sales | | 22.81 | 22.20 | 21.44 | 22.12 | 23 | - |
| | Property, plant and equipment turnover (times) | | 1.02 | 0.95 | 0.89 | 0.84 | 0.81 | - |
| | Total assets turnover (times) | | 0.27 | 0.26 | 0.24 | 0.22 | 0.21 | - |
| Profitability | Return on assets (%) (ROA) | | 8.56 | 8.39 | 4.63 | 5.43 | 5.10 | - |
| | Return on equity (%) (ROE) | | 10.61 | 10.67 | 5.83 | 6.83 | 6.35 | - |
| | Net income before tax as a percentage of paid-in capital (%) | | 38.36 | 36.46 | 18.97 | 19.85 | 18.33 | - |
| | Net profit rate (%) | | 30.08 | 30.94 | 18.32 | 23.21 | 22.80 | - |
| | EPS (NT$) | Before retrospective | 3.13 | 3.12 | 1.66 | 1.91 | 1.74 | - |
| | | After retrospective | 3.13 | 3.03 | 1.66 | 1.91 | 1.74 | - |
| Cash flow | Cash flow ratio (%) | | 37.97 | 21.32 | 32.56 | 26.72 | 19.56 | - |
| | Cash flow adequacy ratio (%) | | 104.08 | 94.90 | 93.99 | 77.47 | 69.43 | - |
| | Cash reinvestment ratio (%) | | 1.19 | 0.12 | 3.01 | 1.26 | 0.42 | - |
| Leverage | Operating leverage | | 1.62 | 1.69 | 1.71 | 1.90 | 3.53 | - |
| | Financial leverage | | 1.06 | 1.05 | 1.04 | 1.06 | 1.23 | - |

Analysis of financial ratio differences in recent 2 years:

1. Increase in Current Ratio and Quick Ratio：Mainly due to the increase in net cash generated from operating activities.
2. Increase in Cash Flow Ratio and Cash Reinvestment Ratio：Mainly due to the increase in net cash generated from operating activities.

Note 1: The financial information has been audited and certified by CPAs.
Note 2: As of the publication date, the consolidated financial information as of Mar. 31, 2024 has not been reviewed by CPAs

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## B. Individual Financial Analysis

| Item | | | Financial Analysis in Recent Five Years ( Note 1) | | | | |
|---|---|---|---|---|---|---|---|
| Item (Year) | | | 2023 | 2022 | 2021 | 2020 | 2019 |
| Financial structure (%) | Liabilities to assets ratio | | 17.58 | 20.13 | 20.70 | 18.98 | 19.80 |
| | Long-term capital to property, plant and equipment ratio | | 367.53 | 348.72 | 307.62 | 309.13 | 323.99 |
| Solvency | Current ratio (%) | | 127.54 | 106.33 | 104.28 | 109.30 | 107.23 |
| | Quick ratio (%) | | 117.63 | 98.38 | 96.86 | 99.97 | 99.63 |
| | Interest coverage ratio (times) | | 48.25 | 64.23 | 58.36 | 56.61 | 54.19 |
| Operations | Accounts receivable turnover (times) | | 3.60 | 3.67 | 3.64 | 3.87 | 3.89 |
| | Average collection cycle | | 101 | 99 | 100 | 94 | 94 |
| | Inventory turnover (times) | | 14.74 | 15.87 | 15.04 | 15.84 | 16.31 |
| | Accounts payable turnover (times) | | 7.07 | 7.09 | 6.74 | 7.20 | 7.22 |
| | Average days in sales | | 25 | 23 | 24 | 23 | 22 |
| | Property, plant and equipment turnover (times) | | 0.95 | 0.88 | 0.73 | 0.72 | 0.72 |
| | Total assets turnover (times) | | 0.22 | 0.22 | 0.20 | 0.19 | 0.18 |
| Profitability | Return on assets (%) (ROA) | | 8.16 | 8.22 | 4.68 | 5.58 | 5.23 |
| | Return on equity (%) (ROE) | | 9.85 | 10.16 | 5.74 | 6.80 | 6.36 |
| | Net income before tax as a percentage of paid-in capital (%) | | 34.09 | 33.88 | 18.37 | 19.60 | 18.17 |
| | Net profit rate (%) | | 35.08 | 35.74 | 22.54 | 27.74 | 27.36 |
| | EPS (NT$) | Before retrospective | 3.13 | 3.12 | 1.66 | 1.91 | 1.74 |
| | | After retrospective | 3.13 | 3.03 | 1.66 | 1.91 | 1.74 |
| Cash flow | Cash flow ratio (%) | | 44.29 | 23.11 | 32.77 | 29.02 | 21.53 |
| | Cash flow adequacy ratio (%) | | 104.08 | 94.41 | 90.99 | 74.83 | 69.40 |
| | Cash reinvestment ratio (%) | | 1.28 | (0.10) | 2.55 | 0.91 | 0.20 |
| Leverage | Operating leverage | | 1.50 | 1.51 | 1.56 | 1.67 | 2.96 |
| | Financial leverage | | 1.06 | 1.04 | 1.03 | 1.05 | 1.16 |

Analysis of financial ratio differences in recent 2 years:

1. Increase in Current Ratio and Quick Ratio：Mainly due to the increase in net cash generated from operating activities.
2. Decrease in Interest Coverage Ratio：Mainly due to the increase in interest expenses.
3. Increase in Cash Flow Ratio and Cash Reinvestment Ratio：Mainly due to the increase in net cash generated from operating activities.

Note 1: The financial information has been audited and certified by CPAs.
Note 2: The equations for calculation in financial analysis.
[I] Financial structure
(1) Liabilities to assets ratio = Total liabilities/ Total assets (2) Long-term capital to PP&E ratio = (Gross shareholder's equity + Non-current liabilities) / Net PP&E
[II] Solvency
(1) Current ratio = Current assets / Current liabilities (2) Quick ratio = (Current assets – Inventory – Prepayments) / Current liabilities (3) Interest coverage ratio =EBIT / Interest expense for current period
[III] Operations
(1) Account receivable (including account receivable and note receivable from operation) turnover = Net revenue /Balance of average account receivable (including account receivable and note receivable from operation)
(2) Average collection period=365 / Account receivable turnover (3) Inventory turnover= Cost of goods sold / Average inventory (4) Account payable (including account payable and note payable from operation) turnover = Cost of goods sold / Balance of average account payable (including account payable and note payable from operation) (5) Average daily sales = 365 / Inventory turnover (6) PP&E turnover = Net revenue / Average Net PP&E (7) Total assets turnover = Net revenue / Average total assets
[IV] Profitability
(1) ROA = [Profit(loss) after tax + Interest expenses x (1 – tax rate)] / Average total assets (2) ROE = Profit(Loss) after tax / Average equity (3) Net income before tax as a percentage of paid-in capital = pre-tax profit / Paid-in Capital (4) Net profit rate = Profit(Loss) after tax / Net revenue (5) EPS = (Net profit attributable to owners of the parent – dividend from preferred shares) / Weighted average number of outstanding shares
[V] Cash flow
(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital
Expenditure + Increases in inventory + Cash dividends) over the past five years (3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividends) / (Gross PP&E + Long-term investments + Other non-current assets + Working capital)
[VI] Leverage
(1) Operations leverage = (Net revenue – Variable cost and expenses from operations) / Operating profit
(2) Financial leverage = Operating profit / (Operating profit-interest expenses)

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## 6.3 Review Report on Financial Report of Recent Fiscal Year by Audit Committee

Refer to Attachment I.

## 6.4 Consolidated Financial Statements for the Years Ended Dec. 31, 2022 and 2023, and Independent Auditors' Report

Refer to Attachment II.

## 6.5 Financial Statements for the Years Ended Dec. 31, 2022 and 2023, and Independent Auditors' Report

Refer to Attachment III.

## 6.6 Disclosure of The Company and its Subsidiaries if suffered financial difficulties, in recent fiscal year as of the Publication Date

None.

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# VII. Review of Financial Status, Financial Performance, and Risk Management

## 7.1 Analysis of Financial Status

Unit: NT$ thousands

| Year / Item | 2023 | 2022 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current Assets | 6,836,434 | 5,648,586 | 1,187,848 | 21 |
| Property, plant and equipment | 7,342,196 | 7,911,538 | (569,342) | (7) |
| Intangible assets | 10,648 | 11,992 | (1,344) | (11) |
| Other Assets | 14,000,282 | 14,239,779 | (239,497) | (2) |
| **Total Assets** | 28,189,560 | 27,811,895 | 377,665 | 1 |
| Current Liabilities | 4,078,849 | 4,751,310 | (672,461) | (14) |
| Long-term Liabilities | 1,432,577 | 1,534,107 | (101,530) | (7) |
| **Total Liabilities** | 5,511,426 | 6,285,417 | (773,991) | (12) |
| Paid-in capital | 6,732,175 | 6,536,092 | 196,083 | 3 |
| Capital surplus | 123,719 | 123,499 | 220 | 0 |
| Retained Earnings | 14,205,736 | 13,273,714 | 932,022 | 7 |
| Other equity | 807,552 | 984,599 | (177,047) | (18) |
| **Equity attributed to owners of the parent company** | 21,869,182 | 20,917,904 | 951,278 | 5 |
| **Non-control equity** | 808,952 | 608,574 | 200,378 | 33 |
| **Total Stockholders' Equity** | 22,678,134 | 21,526,478 | 1,151,656 | 5 |

Analysis of deviation over 20%:
(1) Current Assets: Mainly due to the increase in net cash generated from operating activities.
(2) Non-controlling Interests: Mainly due to the increase in net profit of the subsidiaries.

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## 7.2 Analysis of Financial Performance

Unit: NT$ thousands

| Item \ Year | 2023 | 2022 | Difference | % |
|---|---|---|---|---|
| Operating Revenue | 7,802,362 | 7,055,789 | 746,573 | 11 |
| Cost of Sales | 6,260,222 | 5,689,489 | 570,733 | 10 |
| Gross Profit | 1,542,140 | 1,366,300 | 175,840 | 13 |
| Operating Expenses | 567,729 | 525,210 | 42,519 | 8 |
| Profit from operations | 974,411 | 841,090 | 133,321 | 16 |
| Non-operating Income and expenses | 1,608,181 | 1,542,239 | 65,942 | 4 |
| Income Before Tax | 2,582,592 | 2,383,329 | 199,263 | 8 |
| Income tax expenses | 235,340 | 199,837 | 35,503 | 18 |
| Net profit | 2,347,252 | 2,183,492 | 163,760 | 7 |
| Other comprehensive income | (176,326) | 240,709 | (417,035) | (173) |
| Total comprehensive income for the year | 2,170,926 | 2,424,201 | (253,275) | (10) |
| Net profit attributable to owners of the Company | 2,107,758 | 2,041,395 | 66,363 | 3 |
| Net profit attributable to non-controlling interests | 239,494 | 142,097 | 97,397 | 69 |
| Total comprehensive income attributable to owners of the Company | 1,931,472 | 2,281,539 | (350,067) | (15) |
| Total comprehensive income attributable to non-controlling interests | 239,454 | 142,662 | 96,792 | 68 |
| Earnings per share | 3.13 | 3.03 | 0.10 | 3 |

1. Analysis of deviation over 20%:

(1) Other comprehensive income: Mainly due to the decrease in share of the other comprehensive income or loss of associates accounted for using the equity method.

(2) Net profit attributable to non-controlling interests, Total comprehensive income attributable to non-controlling interests: Mainly due to the increase in net profit of the subsidiaries.

2. Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company’s financial situation and operational performances, and the Company’s plan: Please refer to the “Letter to Shareholders”.

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## 7.3 Analysis of Cash Flow

### 7.3.1 Cash Flow Analysis

| Cash and Cash Equivalents, Beginning of Year | Net Cash Flow from Operating Activities | Cash Outflow | Cash Surplus (Deficit) | Leverage of Cash Deficit | |
|---|---|---|---|---|---|
| | | | | Investment Plans | Financing Plans |
| $ 784,464 | 1,548,901 | 915,055 | 1,418,310 | - | - |

Analysis of change in cash flow in recent fiscal year:
1. Operating activities：Mainly due to the profit from business operations.
2. Investing activities：Mainly due to the purchase of property, plant and equipment.
3. Financing activities：Mainly due to the dividend distribution by cash and repayment of short-term bills payable.

### 7.3.2 Remedy for Cash Deficit and Liquidity Analysis

| Year / Item | 2023.12.31 | 2022.12.31 | Variance (%) |
|---|---|---|---|
| Cash Flow Ratio (%) | 37.97 | 21.32 | 78.1 |
| Cash Flow Adequacy Ratio (%) | 104.08 | 94.90 | 9.67 |
| Cash Reinvestment Ratio (%) | 1.19 | 0.12 | 891.67 |

Increase in cash flow ratio and cash reinvestment ratio: Mainly due to the increase in net cash generated from operating activities.

### 7.3.3 Cash Flow Analysis for the Coming Year

| Estimated Cash and Cash Equivalents, Beginning of Year (1) | Estimated Net Cash Flow from Operating Activities (2) | Estimated Cash Outflow (Inflow) (3) | Cash Surplus (Deficit) (1)+(2)-(3) | Leverage of Cash Surplus (Deficit) | |
|---|---|---|---|---|---|
| | | | | Investment Plans | Financing Plans |
| $ 1,418,310 | 1,188,492 | 1,268,192 | 1,338,610 | - | - |

1. Operating activities：Mainly due to the profit from business operations.
2. Investing activities：Mainly due to the purchase of property, plant and equipment.
3. Financing activities：Mainly due to the dividend distribution by cash.

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## 7.4 The Effect upon Financial Operations of any Major Capital Expenditures in Recent Fiscal Year

Haihu Gypsum Board Plant and Madou RMC Plant renewals, which has little impact on finances.

## 7.5 Investment Policy, Main Causes for Profits or Losses, Improvement Plans and Investment Plans in Recent Fiscal Year

Investment analysis (Unit: NT$ thousands)

| Item \ Remarks | Amount (Note 1) | Policies | Causes for Profits or Losses | Improvement Plans |
|---|---|---|---|---|
| Lio-Ho Machine Works Ltd. | 10,804,634 | Expansion of investment in industry other than the Company | The share of profits of the associate was 840,843 thousand, and the cash dividends was 447,916 thousand in 2023. | - |
| Grand Bills Finance Corporation | 548,673 | Expansion of investment in industry other than the Company | The cash dividends was 8,800 thousand in 2023. | - |
| Universal Real Estate Development Company | 598,228 | Expansion of investment in industry other than the Company | The cash dividends was 29,837 thousand in 2023. | - |
| Creative Sensor Inc. | 596,461 | Expansion of investment in industry other than the Company | The gain of mandatory financial assets at fair value through profit was 300 thousand, the unrealized gain of the financial assets at fair value through other comprehensive income was 81,400 thousand, and the cash dividends was 41,611 thousand in 2023. | - |
| CTBC Financial Holding Co., Ltd. | 808,211 | Expansion of investment in industry other than the Company | The unrealized gain of the financial assets at fair value through other comprehensive income was 177,908 thousand, and the cash dividends was 28,508 thousand in 2023. | - |
| CHC Resources Corporation | 980,367 | Expansion of investment in industry other than the Company | The unrealized gain of the financial assets at fair value through other comprehensive income was 197,435 thousand, and the cash dividends was 42,551 thousand in 2023. | - |
| Prince Housing & Development Corp. | 878,553 | Expansion of investment in industry other than the Company | The unrealized gain of the financial assets at fair value through other comprehensive income was 47,433 thousand, and the cash dividends was 39,469 thousand in 2023. | - |

Note 1: As of Dec. 31,2023, the investment amount exceeded 5% of the paid-in capital.

Investment Plans for the Coming Year: None.

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## 7.6 Risk Assessment

Following aspects in recent fiscal year as of the publication date has been assessed and evaluated:

### 7.6.1 The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Fluctuation of interest rate: Impact due to fluctuation of interest rate is extremely limited.

   Measures to be taken in the future: Will adjust portfolio according to future demand for funds.

2. Fluctuation of exchange rate: Impact due to fluctuation of exchange rate is extremely limited.

   Measures to be taken in the future: The Company shall keep close look on the impact of fluctuation of exchange rate on the Company.

3. Inflation rate: Impact due to inflation is extremely limited.

   Measures to be taken in the future: The Company shall keep close look on the impact of fluctuation of inflation on the Company.

### 7.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

1. The Company and its subsidiaries have not engaged in transactions involving high risk, high leveraged and derivative products.

2. The only loaning of funds made by the Company was made to the subsidiaries as the operation capital and has been approved and processed according to “Regulations Governing Loaning of Funds” of the Company. The highest balance in the year reported is NT$ 1,500 million; whereas the balance by the end of the year is NT$ 1,500 million and the actual credit utilized is NT$ 0 million.

3. The Company has endorsed to other companies pursuant to “Regulations Governing Making of Endorsements/Guarantees” of the Company in year of 2023. The highest credit the Company endorsed/guaranteed is NT$ 520 million; whereas the actual credit utilized amounted to NT$ 130 million.

   Measures to be taken in the future: Enhanced management controls for internal control and internal auditing.

### 7.6.3 Research and development work to be carried out in the future, and further expenditures expected for research and development work

1. Enhance the performance of cement, concrete, and gypsum board products.

2. Evaluate alternative raw materials for recycling to reduce product carbon footprint.

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3. Develop building material systems such as fireproof coatings, bathroom moisture resistance, exterior walls, and roofs to shorten customer construction time and provide customers with diversified choices.

7.6.4 Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

The Company has revised relevant internal regulations and system by incorporating various guidelines published by Financial Supervisory Commission.

Measures to be taken: The Company will continue its evaluation of the impact on financial status and performance among various fiscal period and adjust accordingly.

7.6.5 Effect on the Company's financial operations of developments in science and technology (including Cybersecurity risk) as well as industrial change, and measures to be taken in response

The Company's main business is the manufacture and sale of building materials. With the advancement of information technology, the Company introduces new technologies to achieve production automation and management digitization to improve operating efficiency. However, the risk of hacker threats is also increasing, but the core business of the Company is still no major adverse effects.

Measures to be taken: Strengthen corporate information security awareness and related management actions.

7.6.6 Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response

The Company has always maintained a positive corporate image.

Measures to be taken: The Company will increase its contribution by fulfilling its corporate social responsibility and enhance its capability to respond to public crisis.

7.6.7 Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

The Company currently has no merger or acquisition plans.

Measures to be taken: Strengthen research on relevant laws and regulations regarding mergers and acquisitions, as well as benefit analysis, to address potential future needs.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company currently has no plans for expanding its plant.

Measures to be taken: Enhance the analysis of the benefits related to expanding the plant to address potential future needs.

7.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

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In addition to slightly higher portion of purchasing from Taiwan Cement Corporation, the procurement from other sources remains low and mostly belongs to raw material needed for the production. This has remain for years and should be considered to be reasonable. No concentration of sales on particular account is identified. Therefore, no risk due to concentration of sales and purchases is considered.

Measures to be taken: Diversified the source of procurement and targets of sales to avoid risk due to concentration.

7.6.10 Effect upon and risk to the Company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

The directors and major shareholders have not transferred share in significantly large in scale and this helps maintain the stability of the operation of the Company.

Measures to be taken: To continue collection of information.

7.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

The holding of major shareholders of the Company remained stable and no material change or risk to the Company is considered.

Measures to be taken: To continue collection of information.

7.6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or director, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date: None.

7.6.13 Other important risks, and mitigation measures being or to be taken: None.

## 7.7 Other Important Matters

None.

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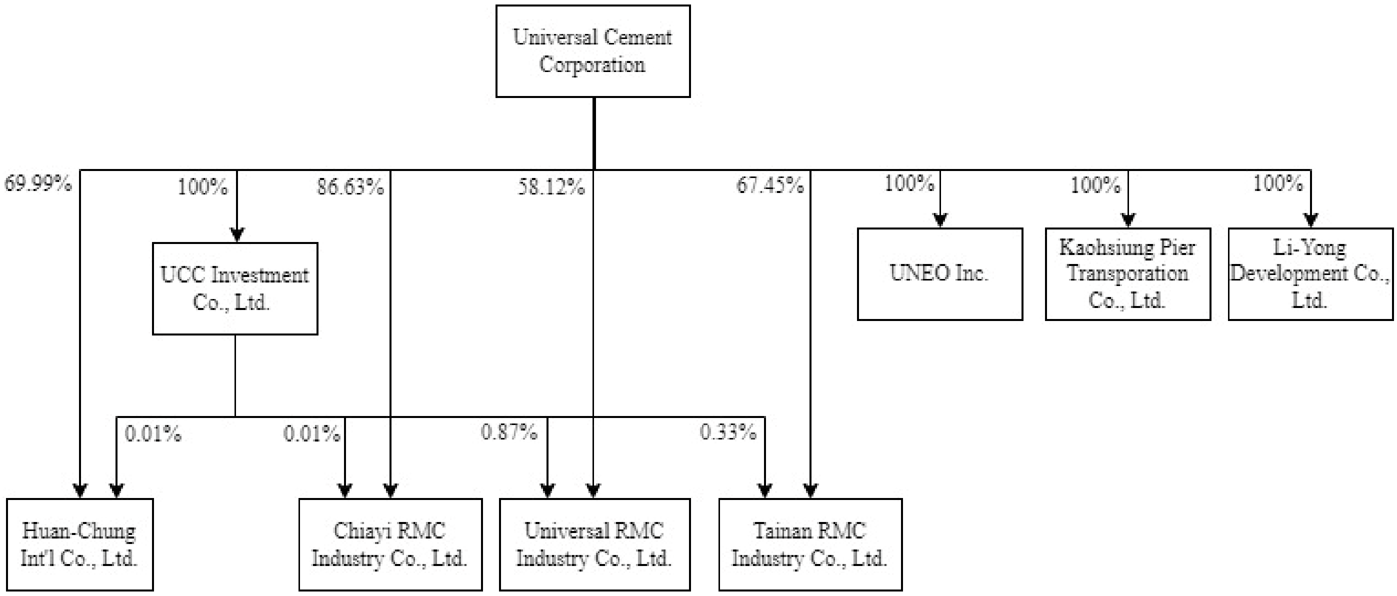
# VIII. Special items to be included

## 8.1 Information Related to the Company's Affiliates

### 8.1.1 Consolidated Business Reports Covering Affiliated Enterprises

1.Organization Chart for the Company and its affiliated enterprises.




2. Profile of Affiliated Enterprises (Unit: NT$ thousands, Apr. 26, 2024)

| Name of Enterprise | Date of Establishment | Address | Paid-in Capital | Main item of Operation or Manufacturing. |
|---|---|---|---|---|
| Chiayi RMC Industry Co., Ltd. | 1982.9.14 | No.2, Zhong-xing Rd., Jia-tai Industrial Zone, Taibao City, Chiayi County | 26,000 | Production and sales of ready-mixed concrete. |
| UCC Investment Co., Ltd. | 1989.11.20 | 10F., No.125, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City | 750,000 | General investment |
| Huan-Chung International Co., Ltd. | 1991.1.28 | 10F., No.125, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City | 100,000 | Sales, import and export of cement, cement clinker, fuel, and cement products. |
| Kaohsiung Pier Transportation Co., Ltd. | 1967.3.31 | No. 328, Gangshan 1st St., Alian Dist., Kaohsiung City. | 75,600 | Transportation by truck |
| Uneo Inc. | 2013.1.11 | 10F., No.125, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City | 60,000 | Sales of electronic parts |
| Universal RMC Industry Co., Ltd. | 1975.11.28 | No. 665, Sec. 1, Zhongshan Rd., Wuri Dist., Taichung City | 132,329 | Production and sales of ready-mixed concrete. |
| Li-Yong Development Co., Ltd. | 2020.12.17 | 10F., No.125, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City | 20,000 | Investment and development of real estate |
| Tainan RMC Industry Co., Ltd. | 1976.12.4 | No. 59 Sec. 1, Zhonghua W. Rd., South Dist., Tainan City | 30,000 | Production and sales of ready-mixed concrete. |

3. Main Business of Affiliated Enterprises: Please refer to table above.

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4. Profile of Directors, Supervisors and General Manager of Affiliated Enterprises

(Apr. 26, 2024)

| Name of Enterprises | Position (Note1) | Name and Representative | Share held | |
|---|---|---|---|---|
| | | | Number of Share | Ratio of Holding |
| Chiayi RMC Industry Co., Ltd. | Chairperson | Universal Cement Corporation, Represented by：Yang, Tsung-Jen | 2,252,378 | 86.63% |
| | Director | Universal Cement Corporation, Represented by：Chou, Shih-Kuei | 2,252,378 | 86.63% |
| | Director | Universal Cement Corporation, Represented by：Wang, Jau-Ching | 2,252,378 | 86.63% |
| | Supervisor | UCC Investment Co., Ltd., Represented by：Lu, Jin-Yuan | 361 | 0.01% |
| UCC Investment Co., Ltd. | Chairperson | Universal Cement Corporation, Represented by：Hou, Bo-Yi | 75,000,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Sheng | 75,000,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Yuan | 75,000,000 | 100.00% |
| | Supervisor | Universal Cement Corporation, Represented by：Yang, Tsung-Jen | 75,000,000 | 100.00% |
| | General Manager | Hou, Bo-Yi | | — |
| Huan-Chung International Co., Ltd. | Chairperson | Universal Cement Corporation, Represented by：Hou, Bo-Yi | 6,999,333 | 69.99% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Yuan | 6,999,333 | 69.99% |
| | Director | Universal Cement Corporation, Represented by：Yang, Tsung-Jen | 6,999,333 | 69.99% |
| | Director | Taiheiyo Cement Corporation, Represented by: Mitsuda, Yasuhisa | 3,000,000 | 30.00% |
| | Director | Taiheiyo Cement Corporation, Represented by: Kaneda, Muneyoshi | 3,000,000 | 30.00% |
| | Supervisor | UCC Investment Co., Ltd., Represented by：Hou, Chih-Sheng | 667 | 0.01% |
| | General Manager | Hou, Chih-Yuan | — | — |
| Kaohsiung Pier Transportation Co., Ltd. | Chairperson | Universal Cement Corporation, Represented by：Wang, Jau-Ching | 7,560,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Sheng | 7,560,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Yuan | 7,560,000 | 100.00% |
| | Supervisor | Universal Cement Corporation, Represented by：Chen, Heng-Chuan | 7,560,000 | 100.00% |
| | General Manager | Wang, Jau-Ching | — | — |
| Universal RMC Industry Co., Ltd. | Chairperson | Universal Cement Corporation, Represented by：Chou, Shih-Kuei | 7,698,963 | 58.18% |
| | Director | Universal Cement Corporation, Represented by：Hou, Bo-Yi | 7,698,963 | 58.18% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Sheng | 7,698,963 | 58.18% |
| | Director | Universal Cement Corporation, Represented by：Yang, Tsung-Jen | 7698,963 | 58.18% |
| | Director | Universal Cement Corporation, Represented by：Lu, Jin-Yuan | 7,698,963 | 58.18% |
| | Director | Su, Chun-Chen | 145,398 | 1.10% |
| | Director | Wu, Wei-Hsiung | 119,862 | 0.91% |
| | Executive Director | Universal Cement Corporation, Represented by：Hou, Chih-Yuan | 7,698,963 | 58.18% |
| | Executive Director | Wu, Rui-Sheng | 496,231 | 3.75% |
| | Supervisor | UCC Investment Co., Ltd., Represented by：Kao, Tsung-Yao | 115,494 | 0.87% |
| | Supervisor | Chang, Yu-Zong | 27,510 | 0.21% |
| | Supervisor | Chan, Shu-hua | 165,421 | 1.25% |
| | General Manager | Lu, Jin-Yuan | — | — |
| Uneo Inc. | Chairperson | Universal Cement Corporation, Represented by：Hou, Bo-Yi | 6,000,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Sheng | 6,000,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Yuan | 6,000,000 | 100.00% |
| | Supervisor | Universal Cement Corporation, Represented by：Wu, Chun-ting. | 6,000,000 | 100.00% |
| Li-Yong Development Co., Ltd. | Chairperson | Universal Cement Corporation, Represented by：Hou, Chih-Sheng | 2,000,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Yuan | 2,000,000 | 100.00% |
| | Director | Universal Cement Corporation, Represented by：Chang, Pei-Te | 2,000,000 | 100.00% |
| | Supervisor | Universal Cement Corporation, Represented by：Yang, Rong-Fen | 2,000,000 | 100.00% |
| Tainan RMC Industry Co., Ltd. | Chairperson | Universal Cement Corporation, Represented by：Chou, Shih-Kuei | 2,023,624 | 67.45% |
| | Director | Chen, Jung-hui | 30,000 | 1.00% |
| | Director | Vacant | N/A | N/A |
| | Director | Chang, Jui-Jun | 82,200 | 2.74% |
| | Director | Universal Cement Corporation, Represented by：Lu, Jin-Yuan | 2,023,624 | 67.45% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Yuan | 2,023,624 | 67.45% |
| | Director | Universal Cement Corporation, Represented by：Hou, Bo-Yi | 2,023,624 | 67.45% |
| | Director | Universal Cement Corporation, Represented by：Hou, Chih-Sheng | 2,023,624 | 67.45% |
| | Director | Universal Cement Corporation, Represented by：Yang, Tsung-Jen | 2,023,624 | 67.45% |
| | Director | Universal Cement Corporation, Represented by：Kao, Tsung-Yao | 2,023,624 | 67.45% |
| | Director | Universal Cement Corporation, Represented by：Lin, Jia-Hsien | 2,023,624 | 67.45% |
| | Supervisor | UCC Investment Co., Ltd., Represented by：Chang, Pei-Te | 10,000 | 0.33% |
| | Supervisor | UCC Investment Co., Ltd., Represented by：Wang, Chiao-Yuan | 10,000 | 0.33% |
| | Supervisor | Vacant | N/A | N/A |

Note 1: For affiliated companies registered abroad, equivalent position is listed.
Note 2: For affiliated companies established as incorporation limited company, holding ratio is listed.
Note 3: The information is updated as of the publication date.

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5. Operating Condition and Financial Results of Affiliated Companies (Dec. 31, 2023, NT$ thousands except earnings per share)

| Company Name | Capital | Total assets | Total liabilities | Net value | Net Sales | Operating Income (Loss) | Income (Loss) After Tax | Earnings (Loss) Per Share After Tax |
|---|---|---|---|---|---|---|---|---|
| Chiayi RMC Industry Co., Ltd. | 26,000 | 59,254 | 11,725 | 47,529 | 0 | (1,712) | 799 | 0.31 |
| UCC Investment Co., Ltd. | 750,000 | 1,006,129 | 132,816 | 873,313 | 0 | (4,107) | 87,748 | 1.17 |
| Huan-Chung International Co., Ltd. | 100,000 | 436,557 | 268,618 | 167,939 | 1,076,493 | 25,544 | 19,912 | 1.99 |
| Kaohsiung Pier Transportation Co., Ltd. | 75,600 | 136,356 | 38,211 | 98,145 | 247,237 | (192) | 1,791 | 0.24 |
| Uneo Inc. | 60,000 | 27,982 | 9,042 | 18,940 | 35,705 | (16,135) | (15,324) | (2.55) |
| Universal RMC Industry Co., Ltd. | 132,328 | 988,587 | 413,643 | 574,944 | 910,995 | 127,474 | 92,637 | 7.00 |
| Li-Yong Development Co., Ltd. | 20,000 | 19,322 | 40 | 19,282 | 0 | (280) | (186) | (0.09) |
| Tainan RMC Industry Co., Ltd. | 30,000 | 1,098,694 | 11,339 | 1,087,355 | 11,292 | (3,115) | 1,039,224 | 346.41 |

Note: The table is prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises".

### 8.1.2 DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

### 8.1.3 Relationship Report: N.A.

## 8.2 Private Placement Securities in Recent Fiscal Year as of the Publication Date

None.

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## 8.3 The Shares in the Company Held or Disposed of by Subsidiaries in Recent Fiscal Year as of the Publication Date

None.

## 8.4 Other required supplementary notes

Universal Cement Corporation Intellectual Property Management Plan

In order to ensure the research and develop ability, motivate innovative energy, extend advantage of competition, raise profitability of business, achieve operation target and ensure sustainable operation, the Company has continuously implemented management of intellectual property.

8.4.1 Protective Measure

8.4.1.1 Patent

1. Patent Review: Individual Review by Cases. Each application of patent will be reviewed internally before submitting for official review. The scope of internal review includes patent search of previous cases, review of patentability, preliminary examination, and final examination of patent to effectively ensure the quality of our patents.

2. Routine Patent Sharing: Encouraging patent developers to share ideas among peers to enhance sharpness on the perception of patentability.

3. Routine Review on Maintenance: Examine internally the utilization of patent awarded and its relevance to the product to evaluate the necessity for further maintenance of the patent.

4. Seminar on the core concepts of Patent: To enrich the knowledge of patent developers on patent regulations and cultivate their respect for patents and awareness of legal boundaries during the development of patent.

8.4.1.2 Trademark

1. The earliest application of Trademark of the Company can be traced back to as early as 1962. After our careful efforts over the decades, the deployment is nearly comprehensive.

2. Routine Review on Maintenance: Examine internally the utilization of trademark registered to evaluate the necessity for further maintenance of the trademark.

8.1.4.3 Protection of Trade Secretes

1. Access Control System: All employees are issued personal access badge and granted with difference levels of clearance to access to various areas of the Company according to the need of respective positions. All visitors shall acquire clearance to access to limited area of the premises and be accompanied by employees of the Company at all times.

2. Management of Information Security: All computer systems shall only be accessed with employees' personal account and passwords with the later is required to change periodically.

3. Advertisement of Information Security: Ensure all personnel's understanding of trade secret and to effectively establish the awareness of knowledge of relevant law.

8.4.2 Implementation

The Company will report regularly the matters pertaining to Intellectual property to the Board.

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Implementation of “Universal Cement Corporation Guidelines on Management of Intellectual Property” in 2012

Implementation of “Universal Cement Corporation Guidelines on Award for Application of Patent” in 2012

# IX. Events with material impacts on equity or stock price as specified in sub-section 2, section 3, Article 36 of the Securities and Exchange Act in Recent Fiscal Year as of the Publication Date

None.

**Attachment I.**

Review Report on Financial Report of Recent Fiscal Year by Audit Committee

Review Report by Audit Committee,
Universal Cement Corporation

Mar. 15, 2024

The Board of Directors of Universal Cement Corporation has submitted financial statements and consolidated financial statements for the fiscal year of 2023, duly audited by Ms. Sophie Lee, CPA and Mr. Yang, Chao-Chin, CPA of Deloitte & Touche, along with Business report, Proposal for Distribution of Profits for review by this committee. This committee has diligently completed review of such submissions and it is the unanimous opinion of the committee that no discrepancy was identified. This committee therefore respectfully submit to the Annual General Meeting of Shareholders this report pursuant to Article 14-4 of Securities and Exchange Act and Article 219 of Company Act.

Dr. Yi Jen Chan,
Chairperson, Audit Committee,
Universal Cement Corporation

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**Attachment II.**

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Occurrence of sales of concrete products

Refer to Note 4 (n) and Note 24. The Group mainly manufactures and sells cement, ready mixed concrete and gypsum board panels. The sales amount of some concrete products changed greatly in 2023 and the change can be due to changes in volume or price or both. Sales is the main source of the Group's revenue and has a material impact on the Group's consolidated financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

Our audit procedures in respect of the above key audit matter are described as follows:

1. We understood the design of the Group's internal controls on accounting for sales. We tested the implementation and operating effectiveness of the internal controls.

2. We selected samples from the sales records, and verified that the products and quantities listed on the delivery orders and the invoices are the same and for the same customers. We noted that the delivery orders are signed by the customers.

**Other Matter**

We have also audited the parent company only financial statements of Universal Cement Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chi Chen Lee and Chao Chin Yang.

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 15, 2024

*Notice to Readers*

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

*For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. The English version not audited by an accountant.*

**Universal Cement Corporation and Subsidiaries**

**CONSOLIDATED BALANCE SHEETS**
**DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | $ 1,418,310 | 5 | $ 784,464 | 3 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 13,972 | - | 81,411 | - |
| Financial assets at fair value through other comprehensive income - current (Notes 4 and 8) | 2,691,567 | 10 | 2,261,853 | 8 |
| Financial assets at amortized cost - current (Notes 4, 9, 10 and 34) | 127,350 | - | 107,357 | - |
| Contract assets - current (Notes 4 and 24) | 1,480 | - | 1,758 | - |
| Contract assets from related parties - current (Notes 4, 24 and 33) | - | - | 4,437 | - |
| Notes receivable (Notes 4,11 and 24) | 567,255 | 2 | 537,064 | 2 |
| Net Accounts receivable (Notes 4,11 and 24) | 1,546,340 | 6 | 1,404,534 | 5 |
| Net Accounts receivable from related parties (Notes 4,11,24 and 33) | 58,750 | - | 41,684 | - |
| Other receivables (Note 4) | 589 | - | 660 | - |
| Inventories (Notes 4 and 12) | 388,373 | 1 | 393,983 | 2 |
| Prepayments | 18,065 | - | 23,958 | - |
| Other current assets | 4,383 | - | 5,423 | - |
| Total current assets | 6,836,434 | 24 | 5,648,586 | 20 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through profit or loss – non-current (Notes 4 and 7) | 47,558 | - | 43,733 | - |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 1,991,004 | 7 | 2,401,004 | 9 |
| Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 34) | 16,995 | - | 11,294 | - |
| Investments accounted for using the equity method (Notes 4 and 14) | 10,804,634 | 39 | 10,618,566 | 38 |
| Property, plant and equipment (Notes 4 and 15) | 7,342,196 | 26 | 7,911,538 | 29 |
| Right - of - use assets (Notes 4 and 16) | 222,428 | 1 | 263,949 | 1 |
| Investment properties (Notes 4 and 17) | 840,717 | 3 | 841,880 | 3 |
| Other intangible assets (Notes 4 and 18) | 10,648 | - | 11,992 | - |
| Deferred tax assets (Notes 4 and 26) | 16,511 | - | 13,898 | - |
| Prepayments for equipment | 45,458 | - | 30,031 | - |
| Net defined benefit assets (Notes 4 and 22) | 14,977 | - | 15,424 | - |
| Total non-current assets | 21,353,126 | 76 | 22,163,309 | 80 |
| TOTAL | $ 28,189,560 | 100 | $ 27,811,895 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 4 and 19) | $ 1,700,000 | 6 | $ 2,290,000 | 8 |
| Short-term bills payable (Note 19) | 274,785 | 1 | 999,088 | 4 |
| Contract liabilities - current (Notes 4 and 24) | 2,359 | - | 2,084 | - |
| Notes payable (Note 20) | 218,691 | 1 | 188,745 | 1 |
| Accounts Payable (Note 20) | 709,034 | 3 | 666,974 | 2 |
| Accounts Payable to related parties (Notes 20 and 33) | 34,059 | - | 37,276 | - |
| Other payables (Note 21) | 406,020 | 1 | 370,160 | 1 |
| Current tax liabilities (Note 26) | 157,831 | 1 | 121,860 | 1 |
| Lease liabilities - current (Notes 4 and 16) | 53,990 | - | 52,153 | - |
| Long-term borrowings due within one year (Note 19) | 500,000 | 2 | - | - |
| Other current liabilities (Note 21) | 22,080 | - | 22,970 | - |
| Total current liabilities | 4,078,849 | 15 | 4,751,310 | 17 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 26) | 1,245,107 | 4 | 1,305,718 | 5 |
| Lease liabilities - non-current (Notes 4 and 16) | 175,887 | 1 | 218,710 | 1 |
| Guarantee deposits received | 11,583 | - | 9,679 | - |
| Total non-current liabilities | 1,432,577 | 5 | 1,534,107 | 6 |
| Total liabilities | 5,511,426 | 20 | 6,285,417 | 23 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23) | | | | |
| Capital stock - common stock | 6,732,175 | 24 | 6,536,092 | 23 |
| Capital surplus | 123,719 | - | 123,499 | - |
| Retained earnings | | | | |
| Legal reserve | 2,920,126 | 10 | 2,715,883 | 10 |
| Special reserve | 3,185,793 | 11 | 3,185,793 | 11 |
| Unappropriated earnings | 8,099,817 | 29 | 7,372,038 | 27 |
| Total retained earnings | 14,205,736 | 50 | 13,273,714 | 48 |
| Other equity | 807,552 | 3 | 984,599 | 4 |
| Total equity attributable to owners of the Company | 21,869,182 | 77 | 20,917,904 | 75 |
| NON - CONTROLLING INTERESTS | 808,952 | 3 | 608,574 | 2 |
| Total equity | 22,678,134 | 80 | 21,526,478 | 77 |
| TOTAL | $ 28,189,560 | 100 | $ 27,811,895 | 100 |

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

(Concluded)

## Universal Cement Corporation and Subsidiaries

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| OPERATING REVENUE (Notes 4, 24 and 33) | $ 7,802,362 | 100 | $ 7,055,789 | 100 |
| OPERATING COSTS (Notes 12, 22, 25 and 33) | 6,260,222 | 80 | 5,689,489 | 81 |
| GROSS PROFIT | 1,542,140 | 20 | 1,366,300 | 19 |
| OPERATING EXPENSES (Notes 22, 25 and 33) | | | | |
| Selling and marketing expenses | 148,387 | 2 | 119,394 | 2 |
| General and administrative expenses | 354,761 | 5 | 299,545 | 4 |
| Research and development expenses | 72,623 | 1 | 92,355 | 1 |
| Expected credit loss (gain) | ( 8,042 ) | - | 13,916 | - |
| Total operating expenses | 567,729 | 8 | 525,210 | 7 |
| PROFIT FROM OPERATIONS | 974,411 | 12 | 841,090 | 12 |
| NON-OPERATING INCOME AND EXPENSES(Notes 14, 25 and 33) | | | | |
| Interest income | 9,977 | - | 1,982 | - |
| Other income | 276,655 | 4 | 269,741 | 4 |
| Other gains and losses | 536,377 | 7 | 488,752 | 7 |
| Interest expenses | ( 55,671 ) | ( 1 ) | ( 41,671 ) | ( 1) |
| Share of profit or loss of associates accounted for using the equity method | 840,843 | 11 | 823,435 | 12 |
| Total non-operating income and expenses | 1,608,181 | 21 | 1,542,239 | 22 |
| PROFIT BEFORE INCOME TAX | 2,582,592 | 33 | 2,383,329 | 34 |
| INCOME TAX EXPENSE (Notes 4 and 26) | 235,340 | 3 | 199,837 | 3 |
| NET PROFIT FOR THE YEAR | 2,347,252 | 30 | 2,183,492 | 31 |
| OTHER COMPREHENSIVE INCOME (Notes 22, 23 and 26) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans | ( 752 ) | - | 4,106 | - |
| Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income | 31,144 | 1 | 73,867 | 1 |
| Share of the other comprehensive income or loss of associates accounted for using the equity method | 3,148 | - | 17,190 | - |

(Continued)

## Universal Cement Corporation and Subsidiaries

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | $ 150 | - | ($ 821) | - |
| | 33,690 | 1 | 94,342 | 1 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of the other comprehensive income or loss of associates accounted for using the equity method | ( 210,016) | ( 3 ) | 146,367 | 2 |
| | ( 210,016) | ( 3 ) | 146,367 | 2 |
| Other comprehensive income for the year, net of income tax | ( 176,326) | ( 2 ) | 240,709 | 3 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 2,170,926 | 28 | $ 2,424,201 | 34 |
| NET PROFIT (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 2,107,758 | 27 | $ 2,041,395 | 29 |
| Non-controlling interests | 239,494 | 3 | 142,097 | 2 |
| | $ 2,347,252 | 30 | $ 2,183,492 | 31 |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Company | $ 1,931,472 | 25 | $ 2,281,539 | 32 |
| Non-controlling interests | 239,454 | 3 | 142,662 | 2 |
| | $ 2,170,926 | 28 | $ 2,424,201 | 34 |
| EARNINGS PER SHARE (Note 27) | | | | |
| Basic | $ 3.13 | | $ 3.03 | |
| Diluted | 3.12 | | 3.02 | |

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

(Concluded)

**Universal Cement Corporation and Subsidiaries**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | Equity Attributable to Owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained Earnings | | | Other Equity | | | | | | | |
| | Capital Stock - Common Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Remeasurement of Defined Benefit Plans | other | Total | Total | Non-controlling Interests (Note 23) | Total Equity |
| BALANCE AT JANUARY 1, 2022 | $ 6,536,092 | $ 66,950 | $ 2,607,075 | $ 3,185,793 | $ 6,092,023 | ($ 945,843) | $ 1,638,872 | $ 69,720 | ($ 17,217) | $ 745,532 | $ 19,233,465 | $ 151,011 | $ 19,384,476 |
| Appropriation of 2021 earnings (Note 23) | | | | | | | | | | | | | |
| Legal reserve | - | - | 108,808 | - | (108,808) | - | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company - NT$ 1 per share | - | - | - | - | (653,609) | - | - | - | - | - | (653,609) | - | (653,609) |
| Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 29) | - | 56,211 | - | - | - | - | - | - | - | - | 56,211 | (155,893) | (99,682) |
| Acquired non-controlling interests of subsidiaries (Note 28) | - | - | - | - | - | - | - | - | - | - | - | 479,869 | 479,869 |
| Disposals of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 1,077 | - | (1,077) | - | - | (1,077) | - | - | - |
| Changes in recognition of associates accounted for using the equity method | - | 340 | - | - | (40) | - | - | - | - | - | 300 | - | 300 |
| Overdue dividends not collected by shareholders | - | (2) | - | - | - | - | - | - | - | - | (2) | - | (2) |
| Net profit for the year ended December 31, 2022 | - | - | - | - | 2,041,395 | - | - | - | - | - | 2,041,395 | 142,097 | 2,183,492 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | - | 146,367 | 74,103 | 19,674 | - | 240,144 | 240,144 | 565 | 240,709 |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | 2,041,395 | 146,367 | 74,103 | 19,674 | - | 240,144 | 2,281,539 | 142,662 | 2,424,201 |
| Change in non-controlling interests (Note 23) | - | - | - | - | - | - | - | - | - | - | - | (9,075) | (9,075) |
| BALANCE AT DECEMBER 31, 2022 | 6,536,092 | 123,499 | 2,715,883 | 3,185,793 | 7,372,038 | (799,476) | 1,711,898 | 89,394 | (17,217) | 984,599 | 20,917,904 | 608,574 | 21,526,478 |
| Appropriation of 2022 earnings (Note 23) | | | | | | | | | | | | | |
| Legal reserve | - | - | 204,243 | - | (204,243) | - | - | - | - | - | - | - | - |
| Cash dividends distributed by the Company - NT$ 1.5 per share | - | - | - | - | (980,414) | - | - | - | - | - | (980,414) | - | (980,414) |
| Stock dividends distributed by the Company - NT$ 0.3 per share | 196,083 | - | - | - | (196,083) | - | - | - | - | - | - | - | - |
| Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 29) | - | 221 | - | - | - | - | - | - | - | - | 221 | (334) | (113) |
| Disposals of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 1,620 | - | (1,620) | - | - | (1,620) | - | - | - |
| Changes in recognition of associates accounted for using the equity method | - | - | - | - | (859) | - | 859 | - | - | 859 | - | - | - |
| Overdue dividends not collected by shareholders | - | (1) | - | - | - | - | - | - | - | - | (1) | - | (1) |
| Net profit for the year ended December 31, 2023 | - | - | - | - | 2,107,758 | - | - | - | - | - | 2,107,758 | 239,494 | 2,347,252 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | - | (210,016) | 31,870 | 1,860 | - | (176,286) | (176,286) | (40) | (176,326) |

(Continued)

# Universal Cement Corporation and Subsidiaries

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | Equity Attributable to Owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained Earnings | | | Other Equity | | | | | | | |
| | Capital Stock - Common Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Remeasurement of Defined Benefit Plans | other | Total | Total | Non-controlling Interests | Total Equity |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | $ 2,107,758 | ( $ 210,016 ) | $ 31,870 | $ 1,860 | - | ( $ 176,286 ) | $ 1,931,472 | $ 239,454 | $ 2,170,926 |
| Change in non-controlling interests (Note 23) | - | - | - | - | - | - | - | - | - | - | - | ( 38,742 ) | ( 38,742 ) |
| BALANCE AT DECEMBER 31, 2023 | $ 6,732,175 | $ 123,719 | $ 2,920,126 | $ 3,185,793 | $ 8,099,817 | ( $ 1,009,492 ) | $ 1,743,007 | $ 91,254 | ( $ 17,217 ) | $ 807,552 | $ 21,869,182 | $ 808,952 | $ 22,678,134 |

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

(Concluded)

## Universal Cement Corporation and Subsidiaries
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 2,582,592 | $ 2,383,329 |
| Adjustments for: | | |
| Depreciation expenses | 181,754 | 175,370 |
| Amortization expenses | 4,145 | 2,657 |
| Expected credit loss (gain) recognized | ( 8,042 ) | 13,916 |
| Net gain (loss) on fair value changes of financial assets designated as at fair value through profit or loss | ( 42,755 ) | 12,244 |
| Interest expenses | 55,671 | 41,671 |
| Interest income | ( 9,977 ) | ( 1,982 ) |
| Dividend income | ( 231,873 ) | ( 227,609 ) |
| Share of profit of associates accounted for using the equity method | ( 840,843 ) | ( 823,435 ) |
| Net gain on disposal of property, plant and equipment | ( 612,623 ) | ( 3,968 ) |
| Gain on disposal of investment properties | - | ( 403,203 ) |
| Gain on disposal of associates accounted for using the equity method | - | ( 373,540 ) |
| Inventory write-downs | - | 461 |
| Impairment losses on assets | 116,111 | 274,161 |
| Liquidation Benefit | ( 465 ) | ( 44,029 ) |
| Changes in operating assets and liabilities | | |
| Contract assets (Including related parties) | 5,894 | 1,064 |
| Notes receivable | ( 30,191 ) | ( 86,975 ) |
| Accounts receivable (Including related parties) | ( 152,009 ) | ( 248,955 ) |
| Other receivables | ( 11,672 ) | 1,888 |
| Inventories | 5,610 | ( 96,602 ) |
| Prepayments | 5,893 | ( 5,048 ) |
| Other current assets | 1,040 | ( 642 ) |
| Contract liabilities | 275 | ( 8,191 ) |
| Notes payable | 29,946 | 119,468 |
| Accounts payable (Including related parties) | 38,843 | 33,539 |
| Other payables | 34,996 | 73,788 |
| Other current liabilities | ( 890 ) | 2,503 |
| Net defined benefit plan | 160 | ( 2,330 ) |
| Cash generated from operations | 1,121,590 | 809,550 |
| Interest received | 9,974 | 1,974 |
| Dividends received | 679,780 | 406,771 |
| Income tax paid | ( 262,443 ) | ( 205,228 ) |
| Net cash generated from operating activities | 1,548,901 | 1,013,067 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of financial assets at fair value through other comprehensive income | ( $ 2,260 ) | ( $ 38,916 ) |
| Proceeds from the liquidation of financial assets at fair value through other comprehensive income | 2,125 | - |
| Proceeds from the capital reduction of financial assets at fair value through other comprehensive income | 23,311 | - |

(Continued)

## Universal Cement Corporation and Subsidiaries

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | 2023 | 2022 |
|---|---|---|
| Increase in financial assets at amortized cost | ($ 37,129) | ($ 22,060) |
| Decrease in financial assets at amortized cost | 11,435 | 16,094 |
| Acquisitions of financial assets at fair value through profit or loss | - | ( 25,000) |
| Proceeds from sale of financial assets at fair value through profit or loss | 106,369 | - |
| Acquisitions of investments accounted for using the equity method | - | ( 47,928) |
| Net cash outflow of acquired subsidiary (Note 28) | - | ( 9,300) |
| Payments for property, plant and equipment | ( 195,570) | ( 320,210) |
| Proceeds from disposal of property, plant and equipment | 1,117,389 | 6,462 |
| Payments for intangible assets | ( 2,801) | ( 6,245) |
| Payments for investment properties | - | ( 3,956) |
| Proceeds from disposal of investment properties | - | 499,950 |
| Net cash generated from investing activities | 1,022,869 | 48,891 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (Repayments) from short-term borrowings | ( 590,000) | 510,000 |
| Repayments from short-term bills payable | ( 725,000) | ( 225,000) |
| Increase in long-term borrowings | 500,000 | - |
| Proceeds from guarantee deposits received | 2,699 | 665 |
| Refund of guarantee deposits received | ( 795) | ( 2,270) |
| Repayment of the principal portion of lease liabilities | ( 51,612) | ( 50,970) |
| Cash dividends paid | ( 980,414) | ( 653,609) |
| Acquisitions of non-controlling interests | ( 113) | ( 99,682) |
| Interest Paid | ( 53,947) | ( 39,585) |
| Dividends paid to non-controlling interests | ( 38,742) | ( 9,075) |
| Net cash used in financing activities | ( 1,937,924) | ( 569,526) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 633,846 | 492,432 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 784,464 | 292,032 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 1,418,310 | $ 784,464 |

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

(Concluded)

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

### 1. GENERAL INFORMATION

Universal Cement Corporation (the Company) was incorporated in the Republic of China (ROC) in March 1960. The Company mainly manufactures and sells cement, ready mixed concrete and gypsum board panels.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since February 1971.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Company's board of directors on March 15, 2024.

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

a. The initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback" | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements" | January 1, 2024 (Note 3) |

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

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

As of the date the consolidated financial statements were 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.

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

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information” | January 1, 2023 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 (Note 2) |

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

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

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 IFRSs as endorsed and issued into effect by the FSC.

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 which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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 assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the assets or liabilities.

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 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

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 dates of acquisitions up to the effective dates of disposals, 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 Company.

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 amounts of the Group's interests 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.

See Note 13 and table 6 for detailed information on subsidiaries (including percentages of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group entities (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of raw materials and supplies, merchandise, finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus – changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

k. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

l. Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with dividends or interest and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables and financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) on accounts receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by a Group entity are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement
All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities
The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods
Revenue from the sale of goods comes from sales of cement, ready mixed concrete and gypsum board panels. Sales of cement, ready mixed concrete and gypsum board panels are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and contract assets are recognized concurrently. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations. When the customer initially purchases cement, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

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

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

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Group determines its current income (loss) according to the regulations established by the jurisdictions of the tax return to calculate its income tax payable (recoverable).

According to the Income Tax Law of ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current years' tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 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 amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group has not been subject to material accounting judgements, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Cash on hand | $ 461 | $ 518 |
| Checking accounts and demand deposits | 313,886 | 729,324 |
| Cash equivalent (investments with original maturities less than 3 months) | | |
| Time deposits (a) | 1,054,563 | 54,622 |
| Repurchase agreements collateralized by bonds (b) | 49,400 | - |
| | $ 1,418,310 | $ 784,464 |

a. The ranges of interest rates for time deposits were 1.1%～1.16% and 0.32%~4.80% per annum as of December 31, 2023 and 2022.

b. The ranges of interest rates for repurchase agreements collateralized by bonds were 1.2%～1.23% per annum as of December 31, 2023.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets mandatorily classified as at FVTPL-Current | | |
| Non-derivative financial assets | | |
| Domestic Listed shares and emerging market shares | $ 13,578 | $ 80,984 |
| Mutual funds | 394 | 427 |
| | $ 13,972 | $ 81,411 |
| Financial assets mandatorily classified as at FVTPL- Non-current | | |
| Non-derivative financial assets | | |
| Limited Partnership | $ 47,558 | $ 43,733 |

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Investments in equity instruments at FVTOCI - Current | | |
| Domestic investments | | |
| Listed shares and emerging market shares | $ 2,691,567 | $ 2,261,853 |
| Investments in equity instruments at FVTOCI - Non-current | | |
| Domestic investments | | |
| Listed OTC Private Equity | $ 591,800 | $ 510,400 |
| Unlisted shares | 1,399,204 | 1,890,604 |
| | $ 1,991,004 | $ 2,401,004 |

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

Chinese Products Promotion Center completed its liquidation in August 2023 and returned a share capital of NT$2,125 thousand. Relevant other interests – unrealized gains on financial assets at fair value through other comprehensive income of NT$1,620 thousand are transferred to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current | | |
| Time deposits with original maturity of more than 3 months (a) | $ 127,283 | $ 107,290 |
| Pledged time deposits (a) | 67 | 67 |
| | $ 127,350 | $ 107,357 |
| Non-current | | |
| Pledged time deposits (a) | $ 8,010 | $ 5,510 |
| Refundable deposits | 8,985 | 5,784 |
| | $ 16,995 | $ 11,294 |

a. The ranges of interest rates for time deposits and pledged time deposits with original maturities of more than 3 months were approximately 1.25%-5.47% and 1.00%-1.44% per annum as of December 31, 2023 and 2022, respectively. The information on pledged time deposits is set out in Note 34.

b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Financial assets at amortized cost - current | $ 127,350 | $ 107,357 |
| Financial assets at amortized cost - non-current | 16,995 | 11,294 |
| | $ 144,345 | $ 118,651 |

The Group invests only in debt instruments that have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. In determining the expected credit losses for debt instrument investments, the Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. Due to the debt instrument investments have low credit risk and sufficient ability to settle contractual cash flows, as of December 31, 2023 and 2022, no expected credit losses have been recognized in financial assets measured at amortized cost.

## 11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Notes receivable | | |
| At amortized cost | | |
| Notes receivable - operating | $ 566,922 | $ 536,731 |
| Notes receivable - non-operating | 333 | 333 |
| | $ 567,255 | $ 537,064 |
| Accounts receivable (Including related parties) | | |
| At amortized cost | $ 1,614,768 | $ 1,465,455 |
| Less: Allowance for impairment loss | 9,678 | 19,237 |
| | $ 1,605,090 | $ 1,446,218 |

a. Notes receivable

The Group analyzed notes receivable was not past due based on past due status, and the Group did not recognize an expected credit loss for notes receivable as of December 31, 2023 and 2022.

b. Accounts receivable (Including related parties)

The average collection period for receivables due to sales was between 30 to 90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible 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. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group recognizes loss allowance based on the use of lifetime expected credit losses on accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. 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 an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For account 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 accounts receivables based on the Group's provision matrix.

December 31, 2023

| | Less than 30 Days | 31 to 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 150 Days | 151 to 365 Days | Over 365 Days | Total |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.82%～0.13% | 0.37%～0.94% | 0.88%～1.35% | 2.31%～2.96% | 6.35%～13.41% | 23.78%～54.09% | 0% | |
| Gross carrying amount | $ 1,010,499 | $ 370,838 | $ 131,779 | $ 67,430 | $ 27,765 | $ 2,691 | $ 3,766 | $ 1,614,768 |
| Loss allowance (Lifetime ECL) | ( 1,210) | ( 2,537) | ( 1,640) | ( 2,115) | ( 2,013) | ( 163) | - | ( 9,678) |
| Amortized cost | $ 1,009,289 | $ 368,301 | $ 130,139 | $ 65,315 | $ 25,752 | $ 2,528 | $ 3,766 | $ 1,605,090 |

December 31, 2022

| | Less than 30 Days | 31 to 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 150 Days | 151 to 365 Days | Over 365 Days | Total |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.10%～5.48% | 0.27%～1.45% | 0.67%～2.11% | 2.17%～3.68% | 10.49%～10.58% | 27.53%～44.98% | 100% | |
| Gross carrying amount | $ 1,013,800 | $ 260,123 | $ 120,513 | $ 29,878 | $ 5,285 | $ 34,008 | $ 1,848 | $ 1,465,455 |
| Loss allowance (Lifetime ECL) | ( 2,969) | ( 1,115) | ( 1,362) | ( 895) | ( 551) | ( 10,497) | ( 1,848) | ( 19,237) |
| Amortized cost | $ 1,010,831 | $ 259,008 | $ 119,151 | $ 28,983 | $ 4,734 | $ 23,511 | $ - | $ 1,446,218 |

The movements of the loss allowance of contract asset and accounts receivable (Including related parties) were as follows:

For the year of 2023

| | Contract Asset (Including related parties) | Accounts Receivable (Including related parties) | Total |
|---|---|---|---|
| Balance at January 1 | $ 1,549 | $ 19,237 | $ 20,786 |
| Less: Reversal for the year | ( 1,179) | ( 6,863) | ( 8,042) |
| Less: Written off for the year | - | ( 2,696) | ( 2,696) |
| Balance at December 31 | $ 370 | $ 9,678 | $ 10,048 |

For the year of 2022

| | Contract Asset (Including related parties) | Accounts Receivable (Including related parties) | Total |
|---|---|---|---|
| Balance at January 1 | $ 1,746 | $ 5,124 | $ 6,870 |
| Less: Allowance (reversal) for the year | ( 197) | 14,113 | 13,916 |
| Balance at December 31 | $ 1,549 | $ 19,237 | $ 20,786 |

## 12. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Merchandise | $ 33,165 | $ 68,903 |
| Finished goods | 125,498 | 91,106 |
| Work in process | 9,990 | 23,180 |
| Raw materials and supplies | 219,720 | 210,794 |
| | $ 388,373 | $ 393,983 |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $ 6,260,222 thousand and $ 5,689,489 thousand, respectively.

For the years ended December 31, 2022, the cost of goods sold included loss for market price decline and obsolete and slow-moving inventories amounting to $461 thousand.

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

| Investor | Investee | Nature of Activities | Proportion of Ownership December 31 2023 | Proportion of Ownership December 31 2022 | Remark |
|---|---|---|---|---|---|
| Universal Cement Corporation | Chiayi Concrete Industrial Corporation | Manufacturing and marketing of ready-mixed concrete | 86.63 | 86.63 | - |
| 〃 | Huanchung Cement International Corporation | Manufacturing, marketing, importing and exporting of cement and cement clinker | 69.99 | 69.99 | - |
| 〃 | Kaohsiung Harbor Transport Company | Trucking operation | 100.00 | 100.00 | - |
| 〃 | Universal Investment Corporation | Investment activities | 100.00 | 100.00 | - |
| 〃 | Universal Concrete Industrial Corporation | Manufacturing and marketing of ready-mixed concrete and gravel | 58.18 | 58.12 | a |
| 〃 | Uneo Incorporated | Marketing of electronic products | 100.00 | 100.00 | - |
| 〃 | Li Yong Development Corporation | Investment activities, trading for real estate and leasing business | 100.00 | 100.00 | - |
| 〃 | Tainan Concrete Industrial Corp. | Manufacturing and marketing of ready-mixed concrete | 67.45 | 67.45 | b |
| Universal Investment Corporation | Universal Concrete Industrial Corporation | Manufacturing and marketing of ready-mixed concrete and gravel | 0.87 | 0.87 | - |
| 〃 | Chiayi Concrete Industrial Corporation | Manufacturing and marketing of ready-mixed concrete | 0.01 | 0.01 | - |
| 〃 | Huanchung Cement International Corporation | Manufacturing, marketing, importing and exporting of cement and cement clinker | 0.01 | 0.01 | - |
| 〃 | Tainan Concrete Industrial Corp. | Manufacturing and marketing of ready-mixed concrete | 0.33 | 0.33 | b |

a. The Company acquired 8 thousand shares held by the non-controlling interest of Universal Concrete Industrial Corp. in November 2023, resulting in an increase in shareholding ratio. Please refer to Note 29.

b. The Company acquired 759 thousand shares held by the non-controlling interest of Tainan Concrete Industrial Corp. from January to September in 2022, resulting in an increase in shareholding ratio. Please refer to Note 29. In addition, the company acquired control of Tainan Concrete Industrial Corp. in March 2022 and included in subsidiaries. Please refer to Note 28.

## 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Material associate | | |
| Lioho Machine Works Ltd. | $ 10,804,634 | $ 10,618,566 |

a. Material associates

| | Proportion of Ownership and Voting Rights | |
|---|---|---|
| | December 31 | |
| | 2023 | 2022 |
| Name of Associate | | |
| Lioho Machine Works Ltd. | 29.86% | 29.86% |

Refer to Table 6 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

The share of net income and other comprehensive income from associates under equity method were accounted for based on the audited financial statements.

The summarized financial information below represents amounts shown in the financial statements of Lioho Machine Works Ltd. which were prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Equity | $ 36,184,500 | $ 35,561,344 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Operating revenue | $ 10,690,916 | $ 12,040,246 |
| Net profit for the year | $ 2,815,952 | $ 2,756,092 |
| Other comprehensive gain | ( $ 689,919 ) | $ 545,750 |
| Dividends received from Lioho Machine Works Ltd. | $ 447,907 | $ 179,162 |

## 15. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Machinery and equipment | Transportation equipment | Other equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balance at January 1, 2022 | $ 4,604,982 | $ 2,051,247 | $ 3,465,513 | $ 666,801 | $ 775,355 | $ 922,295 | $12,486,193 |
| Additions | 222,325 | 5,108 | 24,396 | 10,952 | 10,721 | 38,229 | 311,731 |
| Disposals | ( 2,493 ) | - | ( 18,012 ) | ( 489 ) | ( 3,042 ) | - | ( 24,036 ) |
| Acquired control of subsidiary (Note 28) | 1,105,512 | 1,898 | 592 | - | 49 | - | 1,108,051 |
| Balance at December 31, 2022 | $ 5,930,326 | $ 2,058,253 | $ 3,472,489 | $ 677,264 | $ 783,083 | $ 960,524 | $13,881,939 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at January 1, 2022 | $ - | $ 1,174,173 | $ 3,243,601 | $ 508,339 | $ 566,379 | $ 103,005 | $ 5,595,497 |
| Depreciation expense | - | 30,300 | 37,736 | 33,140 | 21,109 | - | 122,285 |
| Disposals | - | - | ( 18,011 ) | ( 489 ) | ( 3,042 ) | - | ( 21,542 ) |
| Impairment loss | - | - | - | - | - | 274,161 | 274,161 |
| Balance at December 31, 2022 | $ - | $ 1,204,473 | $ 3,263,326 | $ 540,990 | $ 584,446 | $ 377,166 | $ 5,970,401 |
| Carrying amounts at December 31, 2022 | $ 5,930,326 | $ 853,780 | $ 209,163 | $ 136,274 | $ 198,637 | $ 583,358 | $ 7,911,538 |
| Cost | | | | | | | |
| Balance at January 1, 2023 | $ 5,930,326 | $ 2,058,253 | $ 3,472,489 | $ 677,264 | $ 783,083 | $ 960,524 | $13,881,939 |
| Additions | - | 6,507 | 22,554 | 51,100 | 31,798 | 68,020 | 179,979 |
| Disposals | ( 504,586 ) | - | ( 8,356 ) | ( 9,512 ) | ( 7,567 ) | - | ( 530,021 ) |
| Reclassification | - | 24,007 | - | - | 21,182 | ( 45,189 ) | - |
| Balance at December 31, 2023 | $ 5,425,740 | $ 2,088,767 | $ 3,486,687 | $ 718,852 | $ 828,496 | $ 983,355 | $13,531,897 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at January 1, 2023 | $ - | $ 1,204,473 | $ 3,263,326 | $ 540,990 | $ 584,446 | $ 377,166 | $ 5,970,401 |
| Depreciation expense | - | 30,730 | 38,615 | 36,243 | 22,856 | - | 128,444 |
| Disposals | - | - | ( 8,356 ) | ( 9,332 ) | ( 7,567 ) | - | ( 25,255 ) |
| Impairment loss | - | - | - | - | - | 116,111 | 116,111 |
| Balance at December 31, 2023 | $ - | $ 1,235,203 | $ 3,293,585 | $ 567,901 | $ 599,735 | $ 493,277 | $ 6,189,701 |
| Carrying amounts at December 31, 2023 | $ 5,425,740 | $ 853,564 | $ 193,102 | $ 150,951 | $ 228,761 | $ 490,078 | $ 7,342,196 |

The Group sold the land of Yancheng Section, Nan District, Tainan City to non-related party in September 2023. The gains on the sale were $611,911 thousand and included in non-operating income.

There are indications of impairment due to the expected lower production capacity of certain equipment in our Lujhu gypsum board plant. Therefore, the Group performed an impairment test in 2023 and 2022, recognized an impairment loss of $116,111 thousand and $274,161 thousand in non-operating expenses.

The future recoverable amount is determined using the replacement cost method, taking into account all costs required to replace or build an entirely new asset under the current condition, less the physical depreciation, functional depreciation, and economic depreciation incurred to the assets of appraisal.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

| | |
|---|---|
| Buildings | |
| Main buildings | 20-60 years |
| Outbuildings and construction | 2-16 years |
| Engineering systems | 9-16 years |
| Machinery and equipment | 2-21 years |
| Transportation equipment | 2-7 years |
| Other equipment | 2-20 years |

## 16. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Land | $ 1,682 | $ 2,102 |
| Buildings | 200,986 | 246,568 |
| Transportation equipment | 19,760 | 15,279 |
| | $ 222,428 | $ 263,949 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Additions to right-of-use assets | $ 10,626 | $ 59,390 |
| Depreciation charge for right-of-use assets | | |
| Land | $ 836 | $ 843 |
| Buildings | 46,932 | 46,747 |
| Transportation equipment | 4,379 | 4,332 |
| | $ 52,147 | $ 51,922 |

b. Lease liabilities

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Current | $ 53,990 | $ 52,153 |
| Non-current | $ 175,887 | $ 218,710 |

Ranges of discount rates for lease liabilities were as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Land | 1.71%～2.36% | 1.422% - 1.71% |
| Buildings | 0.9%～1.71% | 0.9% - 1.71% |
| Transportation equipment | 0.9%～1.95% | 0.9% - 1.95% |

c. Material lease-in activities and terms

The Group leases certain land, buildings and machinery for the use of plants and offices with lease terms of 3 to 10 years. The Group is prohibited from subleasing or transferring all or any portion of the land and buildings leased from Taiwan International Port Corporation without the lessor's consent.

d. Other lease information

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Expenses relating to short-term leases | $ 21,496 | $ 10,901 |
| Expenses relating to low-value assets leases | $ 765 | $ 585 |
| Total cash outflow for leases | $ 76,139 | $ 66,127 |

The Group leases certain assets which qualify as short-term leases and 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. INVESTMENT PROPERTIES

| | Land | Buildings | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1, 2022 | $ 987,568 | $ 169,977 | $ 1,157,545 |
| Additions | 3,956 | - | 3,956 |
| Disposals | ( 114,650 ) | ( 24,705 ) | ( 139,355 ) |
| Balance at December 31, 2022 | $ 876,874 | $ 145,272 | $ 1,022,146 |
| Accumulated depreciation and impairment | | | |
| Balance at January 1, 2022 | $ 80,167 | $ 141,544 | $ 221,711 |
| Disposals | ( 17,903 ) | ( 24,705 ) | ( 42,608 ) |
| Depreciation expense | - | 1,163 | 1,163 |
| Balance at December 31, 2022 | $ 62,264 | $ 118,002 | $ 180,266 |
| Carrying amounts at December 31, 2022 | $ 814,610 | $ 27,270 | $ 841,880 |

| | Land | Buildings | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1 and December 31, 2023 | $ 876,874 | $ 145,272 | $ 1,022,146 |
| Accumulated depreciation and impairment | | | |
| Balance at January 1, 2023 | $ 62,264 | $ 118,002 | $ 180,266 |
| Depreciation expense | - | 1,163 | 1,163 |
| Balance at December 31, 2023 | $ 62,264 | $ 119,165 | $ 181,429 |
| Carrying amounts at December 31, 2023 | $ 814,610 | $ 26,107 | $ 840,717 |

As of December 31, 2023 and 2022, the Group has not yet completed the property registration of the land, both are amounting to $113,247 thousand because of the restriction in the regulations but the property has been secured with mortgage registration.

The Group sold the land of Gangzitou Section, Liujia District, Tainan City and the land of Shalun Section, Pitou Township, Changhua County to non-related party in September and November 2022. The gains on the sale were $403,203 thousand, included in non-operating income.

The investment properties are depreciated using the straight-line method over 10-61 years of useful lives.

The fair values of the investment properties of the Group as at December 31, 2023 and 2022 were $2,072,466 thousand and $1,991,690 thousand respectively. The fair values were determined by the independent appraisal company on each balance sheet date in the past three years with reference to similar real estate fair value of the transaction price is based on market evidence, or the company's management refers to the actual transaction price in nearby areas.

The maturity analysis of lease payments receivable under operating leases of investment properties were as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Year 1 | $ 14,702 | $ 12,117 |
| Year 2 | 7,167 | 6,658 |
| Year 3 | 7,176 | 6,592 |
| Year 4 | 7,176 | 6,689 |
| Year 5 | 7,118 | 6,689 |
| Year 5 onwards | 3,451 | 10,234 |
| | $ 46,790 | $ 48,979 |

## 18. OTHER INTANGIBLE ASSETS

| | Patents | Licenses and Franchises | Trademarks | Computer Software | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at January 1, 2022 | $ 8,678 | $ 5,762 | $ 20 | $ 8,934 | $ 23,394 |
| Additions | 404 | - | 24 | 5,817 | 6,245 |
| Balance at December 31, 2022 | $ 9,082 | $ 5,762 | $ 44 | $ 14,751 | $ 29,639 |
| Accumulated amortization | | | | | |
| Balance at January 1, 2022 | $ 5,101 | $ 3,868 | $ 11 | $ 6,010 | $ 14,990 |
| Amortization expense | 907 | 236 | 3 | 1,511 | 2,657 |
| Balance at December 31, 2022 | $ 6,008 | $ 4,104 | $ 14 | $ 7,521 | $ 17,647 |
| Carrying amounts at December 31, 2022 | $ 3,074 | $ 1,658 | $ 30 | $ 7,230 | $ 11,992 |
| Cost | | | | | |
| Balance at January 1, 2023 | $ 9,082 | $ 5,762 | $ 44 | $ 14,751 | $ 29,639 |
| Additions | 649 | - | - | 2,152 | 2,801 |
| Balance at December 31, 2023 | $ 9,731 | $ 5,762 | $ 44 | $ 16,903 | $ 32,440 |
| Accumulated amortization | | | | | |
| Balance at January 1, 2023 | $ 6,008 | $ 4,104 | $ 14 | $ 7,521 | $ 17,647 |
| Amortization expense | 923 | 237 | 4 | 2,981 | 4,145 |
| Balance at December 31, 2023 | $ 6,931 | $ 4,341 | $ 18 | $ 10,502 | $ 21,792 |
| Carrying amounts at December 31, 2023 | $ 2,800 | $ 1,421 | $ 26 | $ 6,401 | $ 10,648 |

Other intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

| | |
|---|---|
| Patents | 3-20 years |

| | |
|---|---|
| Licenses and franchises | 10 years |
| Trademarks | 10 years |
| Computer Software | 2-5 years |

## 19. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Unsecured borrowings | | |
| Line of credit borrowings | $ 1,700,000 | $ 2,290,000 |

The range of interest rates was 1.75%~1.88% and 1.60%~1.98% per annum as of December 31, 2023 and 2022.

b. Short-term bills payable

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Commercial papers | $ 275,000 | $ 1,000,000 |
| Less: Unamortized discount on bills payable | 215 | 912 |
| | $ 274,785 | $ 999,088 |

The Group did not provide any collateral over these balance.

Outstanding short-term bills payable as follows:

| Promissory Institutions | Nominal Amount | Discount Amount | Carrying Value | Interest Rate |
|---|---|---|---|---|
| December 31, 2023 | | | | |
| Taiwan Finance Co., Ltd. | $ 80,000 | $ 28 | $ 79,972 | 1.798% |
| Mega Bills Finance Co., Ltd. | 195,000 | 187 | 194,813 | 1.828%～1.928% |
| | $ 275,000 | $ 215 | $ 274,785 | |
| December 31, 2022 | | | | |
| International Bills Finance Co., Ltd. | $ 300,000 | $ 281 | $ 299,719 | 2.138% |
| Ta Ching Bills Finance Co., Ltd. | 100,000 | 71 | 99,929 | 2.158% |
| Mega Bills Finance Co., Ltd. | 600,000 | 560 | 599,440 | 2.088% ~ 2.188% |
| | $ 1,000,000 | $ 912 | $ 999,088 | |

c. Long -term borrowings - December 31, 2023

| | | Amount |
|---|---|---|
| Unsecured loans | | |
| Line of credit borrowings | $ | 500,000 |
| Less: Long-term borrowings due within one year | | 500,000 |
| Long-term borrowings | $ | - |

The Group acquired new bank loans in February and September of 2023, amounting to $280,000 thousand and $220,000 thousand respectively. These loans are due in March and October 2024, with an annual interest rate of 1.795%.

## 20. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Notes payable and accounts payable (including related parties) were resulted from operating activities. The average credit period on purchases is 30 to 65 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Therefore, no interest was charged on the payables.

## 21. OTHER PAYABLES AND OTHER LIABILITIES

| | December 31 | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| Current | | | | |
| Other payable | | | | |
| Payable for salaries or bonus | $ | 127,931 | $ | 128,794 |
| Payable for remuneration to directors | | 53,921 | | 38,021 |
| Payable for remuneration to employees | | 50,211 | | 35,350 |
| Payable for freight | | 20,625 | | 21,094 |
| Payable for annual leave | | 12,883 | | 10,772 |
| Payables for equipment | | 11,194 | | 11,358 |
| Payable for taxes | | 9,002 | | 17,658 |
| Others | | 120,253 | | 107,113 |
| | $ | 406,020 | $ | 370,160 |
| Other liabilities | | | | |
| Temporary receipts | $ | 14,673 | $ | 22,380 |
| Receipts in advance | | 7,161 | | 340 |
| Others | | 234 | | 250 |
| | $ | 22,068 | $ | 22,970 |

## 22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2%~3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

In 2022, our company fully settled all employee retirement benefits and applied to the Bureau of Labor Insurance, MOL to close the pension fund. As of December 31, 2023, we are currently awaiting approval from the bureau to receive the remaining balance in the pension fund.

During the fiscal year 2023, the subsidiary, Universal Concrete Industrial Corporation, settled the accumulated retirement benefits under the previous scheme with all employees eligible under the Labor Standards Act. The company withdrew the reserved retirement funds held at the Taiwan Bank and completed the process in April of the same year. The application was reviewed and approved by the Labor Affairs Bureau, Taichung City Government. The remaining balance of $55 thousand from the settlement account was retrieved and recorded as other income.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Present value of defined benefit obligation | $ 5,297 | $ 22,704 |
| Fair value of plan assets | ( 20,274) | ( 38,128) |
| Net defined benefit liability | ($ 14,977) | ($ 15,424) |

Movements in net defined benefit liability were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability |
|---|---|---|---|
| Balance at January 1, 2022 | $ 258,000 | ( $ 222,959 ) | $ 35,041 |
| Service cost | | | |
| Current service cost | 3,342 | - | 3,342 |
| Liquidation benefit | ( 29,800 ) | ( 14,229 ) | ( 44,029 ) |

(Continued)

| | | | |
|---|---|---|---|
| Net interest expense (income) | 1,934 | (1,699) | 235 |
| Recognized in profit or loss | (24,524) | (15,928) | (40,452) |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (2,725) | (2,725) |
| Actuarial gain - changes in financial assumptions | (2,061) | - | (2,061) |
| Actuarial loss - experience adjustments | 680 | - | 680 |
| Recognized in other comprehensive income | (1,381) | (2,725) | (4,106) |
| Contributions from the employer | - | (4,047) | (4,047) |
| Benefits paid | (10,882) | 9,022 | (1,860) |
| liquidation | (198,509) | 198,509 | - |
| Balance at December 31, 2022 | $ 22,704 | ($ 38,128) | ($ 15,424) |
| Current service cost | 250 | - | 250 |
| Liquidation benefit | - | (465) | (465) |
| Net interest expense (income) | 270 | (281) | (11) |
| Recognized in profit or loss | 520 | (746) | (226) |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (44) | (44) |
| Actuarial loss - changes in demographic assumptions | 65 | - | 65 |
| Actuarial loss - changes in financial assumptions | 162 | - | 162 |
| Actuarial loss - experience adjustments | 569 | - | 569 |
| Recognized in other comprehensive income | 796 | (44) | 752 |
| Contributions from the employer | - | (79) | (79) |
| Benefits paid | (18,723) | 18,723 | - |
| Balance at December 31, 2023 | $ 5,297 | ($ 20,274) | ($ 14,977) |

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Operating costs | $ - | ($ 25,370) |
| Selling and marketing expenses | - | (6,803) |
| General and administrative expenses | (226) | (6,836) |
| Research and development expenses | - | (1,443) |
| | ($ 226) | ($ 40,452) |

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposits with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Discount rate | 1.28% | 1.4% |
| Expected rate of salary increase | 1.5% - 1.625% | 1.63% - 4% |

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Discount rate | | |
| 0.5% increase | ($ 89) | ($ 791) |
| 0.5% decrease | $ 96 | $ 834 |
| Expected rate of salary increase | | |
| 0.5% increase | $ 86 | $ 805 |
| 0.5% decrease | ($ 81) | ($ 770) |

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| The expected contributions to the plan for the next year | $ 109 | $ 934 |
| The average duration of the defined benefit obligation | 2 – 24 years | 7 – 9 years |

## 23. EQUITY

a. Share capital

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Number of shares authorized (thousands) | 1,000,000 | 1,000,000 |
| Capital stock authorized | $ 10,000,000 | $ 10,000,000 |
| Number of shares issued and fully paid (thousands) | 673,217 | 653,609 |
| Capital stock issued | $ 6,732,175 | $ 6,536,092 |

On June 16, 2023, the shareholders' meeting passed a resolution for the 2022 earnings distribution proposal of the Group, with the distribution of 19,608 thousand shares in stock dividends and par value NT$ 10 per share. The paid-in share capital following the capital increase attaining NT$6,732,175 thousand. The above capitalization of retained earnings was approved by the Securities and Futur es Bureau of the Financial Supervisory Commission with effective registration on July 3, 2023, and with July 29, 2023 approved by a resolution of the Board of Directors as the capital increase record date.

b. Capital surplus

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note) | | |
| Treasury share transactions | $ 21,606 | $ 21,606 |
| Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. | 57,377 | 57,156 |
| May be used to offset a deficit only | | |
| Share of changes in equities of associates | 22,260 | 22,260 |
| Overdue dividends not collected by shareholders | 22,476 | 22,477 |
| | $ 123,719 | $ 123,499 |

Note: 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 once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, if the Company makes profit in a fiscal year, the profit shall be first utilized to pay taxes, offset losses of previous years, set aside as legal reserve with 10% of the remaining profit, set aside or reverse a special reserve in accordance with the laws and regulations, and lastly, together with any undistributed retained earnings, serve as the basis of a distribution plan proposed by the Company’s board of directors in accordance with the resolution of the shareholders’ meeting pertaining to the distribution of dividends and bonus to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors and supervisors after the amendment, refer to employees’ compensation and remuneration of directors and supervisors in Note 25-g.

According to the Company’s Articles, dividends can be distributed by way of stock dividends and cash dividends. However, the ratio for stock dividend shall not exceed 50% of the total distribution unless the value of cash dividends is less than $ 0.5 per share. The distribution of dividends can be adjusted by shareholders based on the Company’s profit, capital status, and operating requirement.

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.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period and cumulative net increases in fair value measurement of investment properties from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of 2022 and 2021 earnings have been approved in the shareholders' meetings on June 16, 2023 and June 14, 2022, respectively. The appropriations and dividends per share were as follows:

| | 2022 | 2021 |
|---|---|---|
| Legal reserve | $ 204,243 | $ 108,808 |
| Cash dividends | $ 980,414 | $ 653,609 |
| Stock dividends | $ 196,083 | $ - |
| Cash dividends per share (NT$) | $ 1.5 | $ 1 |
| Stock dividends per share (NT$) | $ 0.3 | $ - |

The appropriation of earnings for 2023 had been proposed by the Company's board of directors on March 15, 2024. The appropriation and dividends per share were as follows:

| | 2023 |
|---|---|
| Legal reserve | $ 210,852 |
| Cash dividends | $ 1,211,791 |
| Stock dividends | $ 134,643 |
| Cash dividends per share (NT$) | $ 1.8 |
| Stock dividends per share (NT$) | $ 0.2 |

The appropriation of earnings for 2023 will subject to the resolution of the shareholders' meeting.

d. Special reserves

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| First-time adoption IFRSs | $ 3,185,793 | $ 3,185,793 |

Because the increase in the retained earnings caused by the first-time adoption of IFRSs was insufficient to be appropriated for provision, the Company had provided for special reserve based on the increase of the retained earnings, an adjustment that was recorded per Company policy on first-time adoption.

e. Other equity items

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

| | For the year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | ( $ 799,476) | ( $ 945,843) |
| Share of exchange difference of associates accounted for using the equity method | ( 210,016) | 146,367 |
| Balance at December 31 | ( $ 1,009,492) | ( $ 799,476) |

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

| | For the year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 1,711,898 | $ 1,638,872 |
| Recognized for the year | | |
| Unrealized gain (loss) - equity instruments | 31,022 | 73,912 |
| Share from subsidiaries and associates accounted for using the equity method | 848 | 191 |
| Other comprehensive income/(loss) during the year | 31,870 | 74,103 |
| The cumulative profit or loss arising from the disposals of equity instruments is transferred to retained earnings. | ( 1,620) | ( 1,077) |
| Reclassification of equity instruments from associates accounted for using the equity method to retained Earnings | 859 | - |
| Balance at December 31 | $ 1,743,007 | $ 1,711,898 |

3) Remeasurement of defined benefit plans

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 89,394 | $ 69,720 |
| Remeasurement | ( 550) | 3,344 |
| Remeasurement on defined benefit plans related income tax | 110 | ( 669) |
| Share from associates accounted for using the equity method | 2,300 | 16,999 |
| Balance at December 31 | $ 91,254 | $ 89,394 |

4) Other equity items

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 and December 31 | $ (17,217) | $ (17,217) |

f. Non-controlling interests

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 608,574 | $ 151,011 |
| Share in profit (loss) for the year | 239,494 | 142,097 |
| Other comprehensive income/(loss) during the year | | |
| Unrealized Gains (losses) on financial assets at fair value through profit or loss | 122 | ( 45) |
| Remeasurement on defined benefit plans | ( 202) | 762 |
| Remeasurement on defined benefit plans related income tax | 40 | ( 152) |
| Non-controlling dividend distribution | ( 38,742) | ( 9,075) |
| Acquired non-controlling interests of subsidiaries (Note 28) | - | 479,869 |
| Disposal of partial equity (Note 29) | ( 334) | ( 155,893) |
| Balance at December 31 | $ 808,952 | $ 608,574 |

## 24. REVENUE

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | $ 7,798,798 | $ 7,051,858 |
| Revenue from rendering of services | 3,564 | 3,931 |
| | $ 7,802,362 | $ 7,055,789 |

a. Contract balances

| | December 31 | | January 1 |
|---|---|---|---|
| | 2023 | 2022 | 2022 |
| Notes and accounts receivable (Including related parties) | $ 2,172,345 | $ 1,983,282 | $ 1,661,465 |
| Contract assets - current | | | |
| Sale of goods | $ 1,850 | $ 2,198 | $ 3,262 |
| Less: Allowance for impairment loss | 370 | 440 | 637 |
| | 1,480 | 1,758 | 2,625 |
| Contract assets from related parties | | | |
| Sale of goods | - | $ 5,546 | $ 5,546 |
| Less: Allowance for impairment loss | - | 1,109 | 1,109 |
| | - | 4,437 | 4,437 |
| | $ 1,480 | $ 6,195 | $ 7,062 |
| Contract liabilities - current | | | |
| Sale of goods | $ 2,359 | $ 2,084 | $ 10,275 |

In accordance with the terms of the contract, the customers retain a portion of contract price and the Group recognizes the amount as contract assets before completing the contractual obligations. The Group considers the historical expected loss rates and the state of the industry in estimating expected loss.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Expected credit loss rate | 20% | 20% |
| Gross carrying amount of retention receivable | $ 1,850 | $ 7,744 |
| Allowance for impairment loss (Lifetime ECLs) | ( 370 ) | ( 1,549 ) |
| | $ 1,481 | $ 6,195 |

The movements of the loss allowance of contract assets refer to Note 11.

b. Disaggregation of revenue

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Concrete | $ 5,001,709 | $ 4,611,923 |
| Cement | 1,710,966 | 1,468,607 |
| Gypsum board panels | 1,053,982 | 934,356 |
| Others | 35,705 | 40,903 |
| | $ 7,802,362 | $ 7,055,789 |

## 25. PROFIT BEFORE INCOME TAX

a. Interest income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Bank deposits | $ 6,132 | $ 1,982 |
| Repurchase agreements collateralized by bonds | 3,845 | - |
| | $ 9,977 | $ 1,982 |

b. Other income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Rental income - investment properties (Note 17) | $ 17,748 | $ 24,340 |
| Dividend income | 231,873 | 227,609 |
| Others | 27,034 | 17,792 |
| | $ 276,655 | $ 269,741 |

c. Other gains and losses

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Net foreign exchange gains and losses | $ 942 | $ 3,463 |
| Gain on disposal of investment properties | - | 403,203 |
| Gain (loss) on disposal of property, plant and equipment | 612,623 | 3,968 |
| Gain (Loss) in financial assets | | |
| Financial assets mandatorily classified as at FVTPL | 42,755 | ( 12,244) |
| Gains of related parties(Note 28) | - | 373,540 |
| Impairment loss on assets | ( 116,111) | ( 274,161) |
| Development and design expenses | - | ( 5,143) |
| Others | ( 3,832) | ( 3,874) |
| | $ 536,377 | $ 488,752 |

d. Interest expense

| | For the Year Ended December 31 | |
|---|---|---|
| Interest on loans | $ 52,336 | $ 38,000 |
| Interest on lease liabilities | 3,335 | 3,671 |
| | $ 55,671 | $ 41,671 |

e. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Property, plant and equipment | $ 128,444 | $ 122,285 |
| Right-of-use assets | 52,147 | 51,922 |
| Investment properties | 1,163 | 1,163 |
| Intangible assets | 4,145 | 2,657 |
| | $ 185,899 | $ 178,027 |
| | | |
| An analysis of depreciation - by function | | |
| Operating costs | $ 119,627 | $ 114,607 |
| Operating expenses | 60,964 | 59,600 |
| Others (as non-operating income and expense) | 1,163 | 1,163 |
| | $ 181,754 | $ 175,370 |
| | | |
| An analysis of amortization - by function | | |
| Operating costs | $ 572 | $ 378 |
| Operating expenses | 3,573 | 2,279 |
| | $ 4,145 | $ 2,657 |

f. Employee benefits expense

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Short-term benefits | | |
| Salaries | $ 613,673 | $ 582,086 |
| Labor and health insurance | 59,504 | 55,709 |
| Others | 79,811 | 61,496 |
| | 752,988 | 699,291 |
| Post-employment benefits | | |
| Defined contribution plans | 28,141 | 25,013 |
| Defined benefit plans (Note 22) | ( 226) | ( 40,452) |
| | 27,915 | ( 15,439) |
| | $ 780,903 | $ 683,852 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| An analysis of employee benefits expense - by function | | |
| Operating costs | $ 497,677 | $ 412,634 |
| Operating expenses | 283,226 | 271,218 |
| | $ 780,903 | $ 683,852 |

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the year ended December 31, 2023 and 2022 have been approved on March 15, 2024 and March 16, 2023, respectively as follows:

Accrual rate

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Employees' compensation | 1.8% | 1.37% |
| Remuneration of directors | 1.8% | 1.37% |

Amount

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Employees' compensation | $ 42,971 | $ 31,290 |
| Remuneration of directors | $ 42,971 | $ 31,290 |

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences will be recognized in the next year as a change in accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022 and 2021.

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

## 26. INCOME TAX

a. Major components of tax expense recognized in profit or loss

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current tax | | |
| In respect of the current year | $ 266,429 | $ 194,506 |
| Income tax on unappropriated earnings | 37,325 | 11,818 |
| Adjustments for prior years | ( 5,340 ) | 945 |
| | 298,414 | 207,269 |
| Deferred tax | | |
| In respect of the current year | ( 63,074 ) | ( 7,432 ) |
| | $ 235,340 | $ 199,837 |

A reconciliation of accounting profit and income tax expenses is as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Profit before tax | $ 2,582,592 | $ 2,383,329 |
| Income tax expense calculated at the statutory rate | $ 516,518 | $ 476,665 |
| Tax-exempt income | ( 267,334 ) | ( 122,644 ) |
| Non-deductible expenses (income) in determining taxable income | ( 76,624 ) | ( 235,784 ) |
| Unrecognized deductible temporary differences | 23,229 | 40,700 |

(Continued)

| | | |
|---|---|---|
| Net operating loss carryforwards used | 3,308 | 1,812 |
| Loss carryforwards utilized for the current year | ( 160 ) | - |
| Additional income tax under the Alternative Minimum Tax Act | 2,500 | - |
| Additional income tax on unappropriated earnings | 37,325 | 11,818 |
| Land value increment tax | 1,918 | 26,325 |
| Income tax adjustments on prior years | ( 5,340 ) | 945 |
| | $ 235,340 | $ 199,837 |

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Deferred tax | | |
| In respect of the current year | | |
| Remeasurement of defined benefit plans | $ 150 | ( $ 821 ) |

c. Current tax assets and liabilities

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current tax liabilities | | |
| Income tax payable | $ 157,831 | $ 121,860 |

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year of 2023

| | Opening Balance | Acquired in a business combination | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balar |
|---|---|---|---|---|---|
| Deferred Tax Assets | | | | | |
| Temporary differences | | | | | |
| Allowance for impairment loss | $ 1,254 | $ - | ($ 429 ) | $ - | $ 825 |
| Defined benefit obligation | 5,645 | - | ( 76 ) | 90 | 5,659 |
| Unrealized exchange losses | - | - | 160 | - | 160 |
| Unrealized loss for losses of Inventory valuation and obsolescence | 255 | - | ( 123 ) | - | 132 |
| Unrealized payable promotion expenses | 5,326 | - | 2,686 | - | 8,012 |
| Loss carryforwards | - | | 577 | - | 577 |
| Others | 1,418 | - | ( 272 ) | - | 1,146 |
| | $ 13,898 | $ - | $ 2,523 | $ 90 | $ 16,511 |
| Deferred Tax Liabilities | | | | | |
| Temporary differences | | | | | |
| Land value increment tax | $1,296,376 | $ - | ($ 59,934 ) | $ - | $1,236,442 |
| Defined benefit obligation | 8,725 | - | - | ( 60 ) | 8,665 |
| Unrealized exchange gains | 617 | - | ( 617 ) | - | - |
| | $1,305,718 | $ - | ($ 60,551 ) | ($ 60 ) | $1,245,107 |

For the year of 2022

| | Opening Balance | Acquired in a business combination | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balar |
|---|---|---|---|---|---|
| Deferred Tax Assets | | | | | |
| Temporary differences | | | | | |
| Allowance for impairment loss | $ 433 | $ - | $ 821 | $ - | $ 1,245 |
| Defined benefit obligation | 15,025 | - | ( 8,926 ) | ( 454 ) | 5,645 |
| Unrealized foreign exchange loss | 98 | - | ( 98 ) | - | - |
| Unrealized loss for losses of Inventory valuation and obsolescence | 163 | - | 92 | - | 255 |
| Unrealized payable promotion expenses | 2,075 | - | 3,251 | - | 5,326 |
| Others | 2,896 | - | ( 1,478 ) | - | 1,418 |
| | $ 20,690 | $ - | ($ 6,338 ) | ($ 454 ) | $ 13,898 |
| Deferred Tax Liabilities | | | | | |
| Temporary differences | | | | | |
| Land value increment tax | $1,179,798 | $ 131,310 | ($ 14,732 ) | $ - | $1.296.376 |
| Defined benefit obligation | 8,013 | - | 345 | 367 | 8,725 |
| Unrealized foreign exchange gain | - | - | 617 | - | 617 |
| | $1,187,811 | $ 131,310 | ($ 13,770 ) | $ 367 | $1.305.718 |

e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Loss carryforwards | | |
| Expire in 2033 | $ 16,552 | $ - |
| Expire in 2032 | 9,059 | 9,059 |
| Expire in 2031 | 3,887 | 3,887 |
| Expire in 2030 | 8,003 | 8,003 |
| Expire in 2029 | 10,273 | 10,273 |
| Expire in 2028 | 57,779 | 57,779 |
| Expire in 2027 | 69,078 | 69,078 |
| Expire in 2026 | 47,759 | 47,759 |
| Expire in 2025 | 58,819 | 58,819 |
| Expire in 2024 | 40,128 | 40,128 |
| Expire in 2023 | 23,322 | 24,120 |
| Expire in 2022 | - | 3,368 |
| | $ 344,659 | $ 332,273 |

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Deductible temporary differences | | |
| Losses of Inventory valuation and obsolescence | $ 34,027 | $ 34,027 |
| Impairment losses on assets | 677,870 | 561,759 |
| | $ 711,897 | $ 595,786 |

f. Income tax examinations

Income tax returns through 2021 of the Uneo Incorporated, Li Yong Development Corporation, Kaohsiung Harbor Transport Company, Chiayi Concrete Industrial Corporation, Huanchung Cement International Corporation, Universal Investment Corporation, Tainan Concrete Industrial Corporation, Universal Concrete Industrial Corporation and the Company have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. The date is on July 29, 2023. The basic and diluted earnings per share from January 1 to December 31, 2022 were adjusted retrospectively were as follows:

**Unit: NT$ Per Share**

| | Before Retrospective Adjustment | After Retrospective Adjustment |
|---|---|---|
| Basic earnings per share | $ 3.12 | $ 3.03 |
| Diluted earnings per share | $ 3.11 | $ 3.02 |

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

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Net Profit for the Year | $ 2,107,758 | $ 2,041,395 |

Number of shares

**Unit: Thousand shares**

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Weighted average number of ordinary shares in computation of basic earnings per share | 673,217 | 673,217 |
| Effect of potentially dilutive ordinary shares: | | |
| Employees' compensation | 1,801 | 1,747 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 675,018 | 674,964 |

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were 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. ACQUISITION OF SUBSIDIARIES

a. Acquisition of subsidiaries

The Company originally held an equity interest in Tainan Concrete Industrial Corporation, which was accounted for using the equity method as an associate. However, in March 2022, the Company acquired additional shares in Tainan Concrete for a cash consideration of $22,080 thousand, increasing its ownership interest from 49.08% to 52.28% (which has since increased to 67.78% as of December 31, 2022). With majority voting rights and control obtained, Tainan Concrete is now considered a subsidiary of the Company.

In accordance with IFRS3, the company derecognize the investment in related parties that originally adopted the equity method based on the fair value of the original investment on the date of acquisition of control, and recognizes the difference between the fair value and the book amount as disposal gains and losses, and subsequently recognizes it in accordance with the acquisition method. List the assets and liabilities of subsidiaries in the consolidated report.

The gain and loss of the fair value and book amount are calculated as follows:

| | Amount |
|---|---|
| Fair value of original investment | $ 493,544 |
| Investment book value of acquisition of control | ( 130,103 ) |
| Recognized gains | $ 363,441 |

b. Assets and liabilities assumed on the date of acquisition of control

| | Tainan Concrete Industrial Corp. |
|---|---|
| Current asset | |
| Cash | $ 12,780 |
| Financial assets at amortized cost - current | 15,000 |
| Financial assets at FVTOCI - current | 1,741 |
| Other current assets | 169 |
| Non-current assets | |
| Property, plant and equipment | 1,108,051 |
| Current liabilities | |
| Notes payable | ( $ 7 ) |
| Current tax liabilities | ( 338 ) |
| Other payables | ( 486 ) |
| Other current liabilities | ( 8 ) |
| Non-current liabilities | |
| Deferred tax liabilities | ( 131,310 ) |
| | $ 1,005,592 |

c. Non-controlling interests

The non-controlling interests (47.72% of ownership interests) of Tainan Concrete Industrial Corp. is measured by the amount of $479,869 thousand , which is the proportional share of recognized value of identifiable net assets.

d. Gain recognized in bargain purchase transaction

| | Tainan Concrete Industrial Corp. |
|---|---|
| Cash payments | $ 22,080 |
| Plus：Fair value of originally Holding shares | 493,544 |
| Plus：Non-controlling interests | 479,869 |
| Less：Fair value of identifiable net assets | ( 1,005,592 ) |
| Gain recognized in bargain purchase transaction | ( $ 10,099 ) |

e. Net cash outflow of acquired subsidiary

| | Tainan Concrete Industrial Corp. |
|---|---|
| Cash payments | $ 22,080 |
| Less：Cash Balance of Acquisition | ( 12,780 ) |
| | $ 9,300 |

## 29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In November 2023 and from May to July 2022, the Group acquired shares held by the non-controlling interest of Universal Concrete Industrial Corporation and Tainan Concrete Industrial Corporation, respectively. And its shareholding increased from 58.99% to 59.05% and from 52.28% to 67.78%, respectively.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over these subsidiaries.

| | Obtaining non-controlling interests | |
|---|---|---|
| | 2023 | 2022 |
| Cash payments | ( $ 113 ) | ( $ 99,682 ) |
| The carrying amount of the subsidiary's net assets that shall be transferred to non-controlling interest based on relative equity changes | 334 | 155,893 |
| Difference in equity transactions | $ 221 | $ 56,211 |
| Adjustment accounts for difference in equity transactions | | |
| Capital surplus – Actual Difference between consideration and carrying amount of subsidiaries acquired or disposed | $ 221 | $ 56,211 |

## 30. CASH FLOWS INFORMATION

Cash used in obtaining property, plant and equipment by the Group during 2023 and 2022 was as below:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Increase in property, plant and equipment | $ 179,979 | $ 311,731 |
| Decrease in payables on equipment | 164 | 2,554 |
| Increase in prepaid on equipment | 15,427 | 5,925 |
| Total cash paid | $ 195,570 | $ 320,210 |

## 31. CAPITAL MANAGEMENT

The Group requires significant amounts of capital to build and expand its production facilities and equipment. The Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources for working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing and future operations.

## 32. FINANCIAL INSTRUMENTS

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

The Group believes that the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, accounts receivable, financial assets at amortized cost, short-term loans, short-term bills payable, accounts payable, long-term borrowings due within one year, and guarantee deposits received, recognized in the financial statements approximate their fair value.

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

1) Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Listed shares | $ 13,578 | $ - | $ - | $ 13,578 |
| Mutual funds | 394 | - | - | 394 |
| Limited partnership | - | - | 47,558 | 47,558 |
| | $ 13,972 | $ - | $ 47,558 | $ 61,530 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed shares | $2,691,567 | $ 591,800 | $ - | $3,283,367 |
| Unlisted shares | - | - | 1,399,204 | 1,399,204 |
| | $2,691,567 | $ 591,800 | $ 1,399,204 | $4,682,571 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Listed shares | $ 80,984 | $ - | $ - | $ 80,984 |
| Mutual funds | 427 | - | - | 427 |
| Limited partnership | - | - | 43,733 | 43,733 |
| | $ 81,411 | $ - | $ 43,733 | $ 125,144 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed shares | $ 2,261,853 | $ 510,400 | $ - | $ 2,772,253 |
| Unlisted shares | - | - | 1,890,604 | 1,890,604 |
| | $ 2,261,853 | $ 510,400 | $ 1,890,604 | $ 4,662,857 |

There were no transfers between Level 1 and 2 in 2023 and 2022.

2) Adjustments for financial instruments measured using level 3 fair value

For the year of 2023

| | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income | Total |
|---|---|---|---|
| Balance at January 1 | $ 43,733 | $ 1,890,604 | $ 1,934,337 |
| Recognized in income(other gains and losses) | 3,825 | - | 3,825 |
| Recognized in other comprehensive income (unrealized valuation gain or loss on financial assets at fair value through other comprehensive income) | - | ( 477,710 ) | ( 477,710 ) |
| Recognized in income (dividend income) | - | 11,746 | 11,746 |
| Return of capital from reduction of share capital | - | ( 23,311 ) | ( 23,311 ) |
| Return of capital from liquidation | - | ( 2,125 ) | ( 2,125 ) |
| Balance at December 31 | $ 47,558 | $ 1,399,204 | $ 1,446,762 |

For the year of 2022

| | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income | Total |
|---|---|---|---|
| Balance at January 1 | $ 22,022 | $ 1,540,374 | $ 1,562,396 |
| Purchased | 25,000 | - | 25,000 |
| Recognized in income (other gains and losses) | ( 3,289 ) | - | ( 3,289 ) |
| Recognized in other comprehensive income (unrealized valuation gain or loss on financial assets at fair value through other comprehensive income) | - | 350,230 | 350,230 |
| Balance at December 31 | $ 43,733 | $ 1,890,604 | $ 1,934,337 |

3) Input and measurement technique of Level 2 fair value measurement.

| Category of financial instrument | Measurement technique and input value |
|---|---|
| Investment of Equity Instrument | Purchase of stock via private offering which is subject to a three-year-lock-up period. In light of the impact on the target to be measured due to the restriction of transaction, a discount is imposed to reflect the restricted liquidity of the stock. The target to be measure is the stock of a public listed company. The Closing price at the day of measurement was adopted as the fair value of an unrestricted stock price. The fair value of the restricted stock price is then derived via the Black-Scholes model. |

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

a) The fair values of unlisted equity securities in ROC was estimated by the marketing valuation method. This method is based on the industry category, evaluation and operations of similar companies, or the net equity of the companies.

b) Limited partnership was estimated based on the net equity.

c. Categories of financial instruments

| | December 31 2023 | December 31 2022 |
|---|---|---|
| Financial assets | | |
| Measured at fair value through profit or loss – mandatory measured at fair value through profit or loss | $ 61,530 | $ 125,144 |
| Financial assets at amortized cost (Note 1) | 3,735,589 | 2,887,057 |
| Financial assets at FVTOCI – Equity instruments | 4,682,571 | 4,662,857 |
| | | |
| Financial liabilities | | |
| Financial liabilities at amortized cost (Note 2) | 3,854,172 | 4,561,922 |

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, net accounts receivable (including related parties), other receivables, and financial assets at amortized cost (current and non-current).

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables, long-term borrowings due within one year and bonds payable and guarantee deposits received.

d. Financial Risk Management Objectives and Policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payables, loans and lease liabilities. The financial management department of the Group provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in interest rate risk (see (a) below) and other price risk (see (b) below).

a) Interest rate risk

The Group was exposed to interest rate risk arising from short-term borrowing at New Taiwan dollar (NTD) market rates of overweight interest rates. Due to lower NTD borrowing rates and small borrowing position, the interest rate sensitivity is lower, and the interest rate risk is little risk to the Company.

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:

| | **December 31** | |
|---|---|---|
| | **2023** | **2022** |
| Fair value interest rate risk | | |
| Financial assets | $ 1,248,308 | $ 173,273 |
| Financial liabilities | 504,662 | 1,269,951 |
| Cash flow interest rate risk | | |
| Financial assets | 283,200 | 682,388 |
| Financial liabilities | 2,200,000 | 2,290,000 |

b) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments operating in shares and open-end mutual funds quoted in the Taiwan Stock Exchange. In addition, the Group will evaluate the price by the closing price of the equity investments and the net asset value of the fund every month.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices of domestic listed equity securities(excluding private placement), which was hold by the Group calculated by $ 2,691,567 thousand and $ 2,261,853 thousand, had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increased/decreased by $ 26,916 thousand and $ 22,619 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Financial assets are exposed to the potential effects of outstanding contracts between the Group and its counterparty or other parties. Such effects include the credit risk concentration, components, contractual amounts, and other receivables of financial products engaged by the Group.

As at the end of the reporting period, the Group's maximum exposure to credit risk is due to the failure of counterparties to discharge an obligation, which is from the carrying amount of financial assets are recognized from consolidated financial reports.

In addition to the following paragraph, the main customers of its credit are good, and the Group will regularly annually review the customer's credit status, appropriately adjust the credit line, and will require customers to provide the necessary guarantees or trade by cash in special situations. The sales department understands the customer's credit status through external peer visits. The customers mentioned above, had no significant credit risk exposure.

Part of the concrete customers of the Group are individuals and small-scale enterprises, except for a few large customers are concrete construction companies, industry characteristics resulting in some small-scale enterprises. In addition to using credit limit controls to reduce credit risks and the relevant proceedings to protect their claims, the Group has set adequate allowance for bad debts for higher credit risk customers in accordance with company policy. The credit risk arising from its maximum possible amount is disclosed in the Note 11.

The Group has no significant concentration of credit risk.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents 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.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed 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 can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

| | On Demand or Less than 3 Month | 3 Months to 1 Year | 1 Year to 5 Year | 6 Year to 10 Year |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Non-interest bearing | $ 1,367,804 | $ - | $ 11,583 | $ - |
| Lease liabilities | 13,867 | 40,942 | 146,472 | 28,992 |
| Variable interest rate liabilities | 1,986,757 | 223,213 | - | - |
| Fixed interest rate liabilities | 275,000 | - | - | - |
| | $ 3,643,428 | $ 264,155 | $ 158,055 | $ 28,992 |

December 31, 2022

| | On Demand or Less than 3 Month | 3 Months to 1 Year | 1 Year to 5 Year | 6 Year to 10 Year |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Non-interest bearing | $ 1,263,155 | $ - | $ 9,679 | $ - |
| Lease liabilities | 13,687 | 40,804 | 175,420 | 47,908 |
| Variable interest rate liabilities | 2,300,067 | - | - | - |
| Fixed interest rate liabilities | 1,000,000 | - | - | - |
| | $ 4,576,909 | $ 40,804 | $ 185,099 | $ 47,908 |

The amount included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

Loan is an important resource of liquidity for the Company. As of December 31, 2023 and 2022, the short-term unsecured line of credit is $4,258,876 thousand, and $2,564,609 thousand, respectively.

## 33. TRANSACTIONS WITH RELATED PARTIES

Transactions, balance, income and expenses between the Corporation and subsidiaries (related parties of the Corporation) had been eliminated on consolidation and are not disclosed in this note. Except as disclosed in other notes, details of transactions between the Group and other related parties are disclosed below.

a. Name and relationship of related party

| Related Party Name | Relationships of the Group |
|---|---|
| CHC Resources Corp. | The Group acts as key management |
| Universal Construction Corp. | The Group acts as key management |
| Sheng Yuan Investment Corp. | The key management of the Group |
| Bo-Chih Investment Co., Ltd. | The key management of the Group (b) |
| Yu-Sheng Investment Corp. | The key management of the Group |
| Pan Asia Corp. | The Group acts as juristic supervisor |
| Tainan Concrete Industrial Corp. | Associates (a) |
| PAO GOOD INDUSTRIAL CO., LTD. | Other related parties |

a) The subsidiary of our company since March 2022.
b) The chairman of our company since June 2023.

b. Sales of goods

| Account Items | Related Parties Category | For the Year Ended December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Sales revenue | The Group acts as key management | $ 99,420 | $ 88,323 |
| | Other related parties | 139,405 | 65,968 |
| | | $ 238,825 | $ 154,291 |

The prices and terms to related parties were not significantly different from transactions with third parties. The credit terms were 1 to 3 months.

c. Purchase of goods

| Related Parties Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Group acts as key management | $ 320,171 | $ 280,304 |
| Other related parties | 9,269 | 14,349 |
| | $ 329,440 | $ 294,653 |

The purchased of goods are mainly blast furnace slag and fly ash. The prices and terms to related parties were not significantly different from transaction with third parties. The credit terms were 30 to 65 days.

d. Contract assets- December 31, 2022

| Related Party Category / Name | Amount |
|---|---|
| Other related parties | |
| Pan Asia Corp. | $ 5,546 |
| Less: Allowance for impairment loss | 1,109 |
| | $ 4,437 |

e. Receivables from related parties (Excluding contract assets)

| Account Items | Related Parties Category / Name | December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Accounts receivable - related parties | Other related parties | | |
| | Pan Asia Corp. | $ 47,430 | $ 31,534 |
| | The Group acts as key management | 11,422 | 10,183 |
| | Less: Allowance for impairment loss | 102 | 33 |
| | | $ 58,750 | $ 41,684 |

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

| Account Items | Related Parties Category | December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Accounts payable - related parties | The Group acts as key management | $ 32,250 | $ 34,654 |
| | Other related parties | 1,809 | 2,622 |
| | | $ 34,059 | $ 37,276 |

The outstanding accounts payables from related parties are unsecured and would be paid in cash.

g. Lease arrangements - Group is lessee

| Line Item | Related Party Category | Amount |
|---|---|---|
| Interest expense | Associates (Note) | $ 38 |

Note： The subsidiary of our company since March 2022.

The Group leased lands and buildings from related parties. The rental prices are determined with reference to the market standards and rentals payable monthly.

h. Lease arrangements - Group is lessor

The Group leased its office building to related parties under operating leases for a term of 1 to 2 years. The rental prices are determined with reference to the market standards and charged on a monthly basis.

Total lease payment to be collected in the future is summarized as follows:

| Related Party Category | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Group acts as key management | $ 3,207 | $ 3,207 |
| The key management of the Group | 46 | 137 |
| The chairman of our company | 23 | - |
| | $ 3,276 | $ 3,344 |

Total lease revenue is summarized as follows:

| Related Party Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Group acts as key management | $ 5,498 | $ 5,498 |
| The key management of the Group | 57 | 69 |
| The chairman of our company | 12 | - |
| | $ 5,567 | $ 5,567 |

i. Compensation of key management personnel

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Short-term employee benefits | $ 37,057 | $ 43,942 |
| Post-employment benefits | 895 | 760 |
| | $ 37,952 | $ 44,702 |

The remuneration of directors and key executives was determined by the remuneration committee according to the performance of individuals and market trends.

## 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for engineering performance bonds.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Pledged time deposits | | |
| Current | $ 67 | $ 67 |
| Non-current | 8,010 | 5,510 |
| | $ 8,077 | $ 5,577 |

## 35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group on the date of balance sheets were as follows:

a. Unrecognized commitments are as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Acquisition of property, plant and equipment | $ 70,912 | $ 93,003 |

b. As of December 31, 2023 and 2022, the promissory notes were $ 115,806 thousand and $ 139,493 thousand, respectively. These notes were provided as engineering performance bonds, which could be refunded when the guarantee is terminated.

c. As of December 31, 2023 and 2022, unused letters of credit for purchase of raw materials were $ 26,124 thousand and $ 5,391 thousand.

## 36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than Group's individual functional currency and the exchange rates between foreign currencies and respective functional currency were disclosed. The significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

| Financial Assets | Foreign Currencies (In Thousand) | Exchange Rate | Carrying Amount (In Thousand) |
|---|---|---|---|
| Monetary items | | | |
| USD | $ 1,007 | 30.705 | $ 30,935 |
| RMB | 916 | 4.33 | 3,962 |
| EUR | 97 | 33.98 | 3,295 |

December 31, 2022

| Financial Assets | Foreign Currencies (In Thousand) | Exchange Rate | Carrying Amount (In Thousand) |
|---|---|---|---|
| Monetary items | | | |
| USD | $ 1,558 | 30.71 | $ 47,852 |
| RMB | 903 | 4.41 | 3,979 |
| EUR | 153 | 32.72 | 5,006 |

The foreign currency risk of the Group is mainly exposed to USD. The following information was aggregated by the foreign currencies other than Group's individual functional currency and the exchange rates between foreign currencies and respective functional currency were disclosed. The exchange rate gains and losses of foreign currencies with significance (including realized and non-realized) are summarized as follows:

| Functional Currencies | For the Year Ended December 31, 2023 | | For the Year Ended December 31, 2022 | |
|---|---|---|---|---|
| | Exchange Rate | Net Foreign Exchange Gain | Exchange Rate | Net Foreign Exchange Gain |
| NTD | 1(NTD:NTD) | $ 942 | 1 (NTD:NTD) | $ 3,463 |

## 37. 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 investment in subsidiaries and associates). (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$ 300 million or 20% of the paid-in capital. (N/A)

5) Acquisition of individual real estate at cost of at least NT$ 300 million or 20% of the paid-in capital. (N/A)

6) Disposal of individual real estate at a price of at least NT$ 300 million or 20% of the paid-in capital. (Table 4)

7) Total purchases from or sales to related parties amounting to at least NT$ 100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$ 100 million or 20% of the paid-in capital. (N/A)

9) Trading in derivative instruments. (N/A)

10) Intercompany relationships and significant intercompany transactions. (Table 7)

b. Related information on investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee and investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment from the mainland China area. (N/A)

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: (N/A)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: (N/A)

c) The amount of property transactions and the amount of the resultant gains or losses: (N/A)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: (N/A)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: (N/A)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: (N/A)

d. Information on major shareholders: name, number and percentage of shareholding of shareholders with ownership achieving 5% and above. (Table 8)

## 38. SEGMENT INFORMATION

a. Operating segments information

The identification of reportable departments is based on the operation and management model of the Group management. Based on product categories, the identification is divided into departments such as building materials business and asset management center to provide information to key operating decision-makers for allocating resources and evaluating segment performance.

The Group's reportable segments are as follows:

1) Building materials segment - manufacture and sell of cement, concrete and gypsum board and research segment.
2) Others - mainly the management segment of reinvested companies and segments that are not part of the building materials segment.

b. Segment revenues and operating results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the year of 2023

| | **Building Materials Segment** | **Others** | **Adjustment and Elimination** | **Total** |
|---|---|---|---|---|
| Revenue from external customers | $ 7,766,657 | $ 35,705 | $ - | $ 7,802,362 |
| Inter-segment revenues | 22,532 | - | ( 22,532 ) | - |
| Total Segment revenues | $ 7,789,189 | $ 35,705 | ( $ 22,532 ) | ( $ 7,802,362 ) |
| Segment profit and loss | $ 1,230,028 | $ 2,455,277 | $ 1,047,042 | $ 2,638,263 |
| Interest expenses | | | | ( 55,671 ) |
| Profit before income tax | | | | $ 2,582,592 |

For the year of 2022

| | **Building Materials Segment** | **Others** | **Adjustment and Elimination** | **Total** |
|---|---|---|---|---|
| Revenue from external customers | $ 7,014,887 | $ 40,902 | $ - | $ 7,055,789 |
| Inter-segment revenues | 22,692 | - | ( 22,692 ) | - |
| Total Segment revenues | $ 7,037,579 | $ 40,902 | ( $ 22,692 ) | ( $ 7,055,789 ) |
| Segment profit and loss | $ 1,311,303 | $ 1,333,353 | ( $ 219,656 ) | $ 2,450,000 |
| Interest expenses | | | | ( 41,671 ) |
| Profit before income tax | | | | $ 2,383,329 |

Segment income represented profit before tax earned by each segment without income tax. These amounts provide information to key operating decision-makers for allocating resources and evaluating segment performance.

The chief operating decision maker of the Group makes decisions based on the operating results of each segment, there was no information about the assessment of assets and liabilities classified through business activity performance, thence only listing revenue and results of reportable segments.

c. Geographical information

The Group’s operations are mainly in Taiwan, ROC. The Group has no significant revenues from foreign customers. Please refer to consolidated balance sheets for the information of non-current assets.

d. Revenue from major products and services

Please refer to Note 24 (b).

e. Information about major customers

Single customer who contributed 10% or more to the Group’s revenue is as follows:

| Name of the customer | For the Year Ended December 31 of 2023 and 2022 | | | |
|---|---|---|---|---|
| | Net operating income | % | Net operating income | % |
| Hung Hsin Building Materials Ltd. (Note) | $ 703,039 | 9 | $ 624,940 | 9 |

Note : Revenue from selling cement

**TABLE 1**

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| No. (Note 1) | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the period | Ending Balance | Actual Borrowing Amount | Interest Rate (%) | Nature for Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limits for Each Borrower （Note 2） | Aggregate Financing Limits (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | Universal Investment Corporation | Other receivables | Yes | $ 800,000 | $ 800,000 | $ - | 1.880 | For short-term financing | $ - | Operating capital | $ - | None | $ - | $ 8,747,673 | $ 8,747,673 |
| 0 | The Company | Uneo Incorporated | Other receivables | Yes | 100,000 | 100,000 | - | 1.880 | For short-term financing | - | Operating capital | - | None | | 8,747,673 | 8,747,673 |
| 0 | The Company | Universal Concrete Industrial Corporation | Other receivables | Yes | 300,000 | 300,000 | - | 1.880 | For short-term financing | - | Operating capital | - | Land and Plant | 300,000 | 8,747,673 | 8,747,673 |
| 0 | The Company | Tainan Concrete Industrial Corp. | Other receivables | Yes | 300,000 | 300,000 | - | 1.880 | For short-term financing | - | Operating capital | - | None | | 8,747,673 | 8,747,673 |
| 0 | Universal Investment Corp. | Tainan Concrete Industrial Corp. | Other receivables | Yes | 250,000 | 250,000 | - | 2.045 | For short-term financing | - | Operating capital | - | None | - | 434,942 | 434,942 |

Note 1: a: “0” is the Company.
b: Subsidiaries are numbered from “1”.

Note 2: The upper limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements; The upper limit for a subsidiary to a single enterprise is 40% of the net value of the subsidiary's most recent financial statements that have been audited (reviewed) by an accountant..

Note 3: The aggregate limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements; The aggregate limit for a subsidiary to a single enterprise is 40% of the net value of the subsidiary's most recent financial statements that have been audited (reviewed) by an accountant.

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TABLE 2

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| No. (Note 1) | Endorser / Guarantor | Endorsee / Guarantee | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3) | Maximum Amount Endorsed / Guaranteed During the Period | Outstanding Endorsement / Guarantee at the End of the Period (Note 6) | Actual Borrowing Amount | Amount Endorsed / Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 4 , Note 5, Note 7) | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship (Note 2) | | | | | | | | | | |
| 0 | The Company | Universal Concrete Industrial Corporation | (1) | $ 132,329 | $ 120,000 | $ 120,000 | $ - | $ - | 1 | $ 21,869,182 | Y | N | N |
| | | Universal Investment Corporation | (1) | 750,000 | 400,000 | 350,000 | 130,000 | - | 2 | 21,869,182 | Y | N | N |
| | | Uneo Incorporated | (1) | 60,000 | 50,000 | 50,000 | - | - | - | 21,869,182 | Y | N | N |
| 1 | Kaohsiung Harbor Transport Company | Universal Concrete Industrial Corporation | (3) | 490,730 | 306,992 | 306,992 | - | - | 313 | 981,458 | N | N | N |
| | | The Company | (2) | 490,730 | 319,928 | 319,928 | - | - | 326 | 981,458 | N | Y | N |
| 2 | Universal Investment Corporation | Universal Concrete Industrial Corporation | (3) | 4,366,566 | 122,521 | 122,521 | - | - | 14 | 8,733,131 | N | N | N |
| | | The Company | (2) | 4,366,566 | 443,909 | 443,909 | - | - | 51 | 8,733,131 | N | Y | N |
| 3 | Universal Concrete Industrial Corporation | The Company | (2) | 574,944 | 157,561 | 157,561 | - | - | 27 | 574,944 | N | Y | N |

Note 1: a: "0" is the Company.
b: Subsidiaries are numbered from "1".

Note 2: (1) The endorser / guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed / guaranteed subsidiary.
(2) The endorser / guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed / guaranteed company.
(3) The endorsed / guaranteed company owns directly and indirectly more than 50% voting shares of the endorser / guarantor parent company.

Note 3: The upper limit for the Company is equivalent to the capital of the endorsee; the upper limit for subsidiaries is equivalent to the net asset value of the subsidiaries as stated in its latest financial statements except that it is five times of the net asset value of Kaohsiung Harbor Transport Company and Universal Investment Corporation.

Note 4: The upper limit for the Company is equivalent to the net asset value of the Company.

Note 5: The upper limit for the subsidiary is equivalent to the net asset value of the subsidiary as stated in its latest financial statements, unless the Company or other subsidiaries give more guarantee.

Note 6: The limits were approved by the board of directors.

Note 7: The upper limit for the subsidiary is equivalent to ten times of the net asset value of the subsidiary as stated in its latest financial statements.

**TABLE 3**

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/ Units | Carrying Value | Percentage of Ownership (%) | Fair Value Or Net Equity | |
| The Company | Listed shares | | | | | | | |
| | Prince Housing & Development Corp. | The juristic director of the Company acts as juristic director | Financial assets at FVTOCI - current | 40,621,948 | $ 450,904 | 2.50 | $ 450,904 | |
| | CTBC Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - current | 28,441,983 | 806,330 | 0.14 | 806,330 | |
| | Far EasTone Telecommunications Co., Ltd. | - | Financial assets at FVTOCI - current | 306,219 | 24,436 | 0.01 | 24,436 | |
| | CHC Resources Co., Ltd. | The Company acts as juristic director | Financial assets at FVTOCI - current | 17,020,254 | 980,367 | 6.85 | 980,367 | |
| | Creative Sensor Inc. | Representative of the juristic director of the Company acts as the representative of juristic director | Financial assets at FVTPL - current | 158,000 | 4,661 | 0.11 | 4,661 | |
| | Privately offered shares | | | | | | | |
| | Creative Sensor Inc. | Representative of the juristic director of the Company acts as the representative of juristic director | Financial assets at FVTOCI - non - current | 13,000,000 | 349,700 | 8.72 | 349,700 | |
| | Unlisted shares | | | | | | | |
| | Grand Bills Finance Co., Ltd. | The Company acts as juristic director | Financial assets at FVTOCI - non - current | 43,999,488 | 548,673 | 8.14 | 548,673 | |
| | Universal Cement Development Co., Ltd. | The Company acts as juristic director | Financial assets at FVTOCI - non - current | 24,864,000 | 598,228 | 16.44 | 598,228 | |
| | Universal Venture Capital Co., Ltd. | - | Financial assets at FVTOCI - non - current | 1,400,000 | 14,990 | 1.16 | 14,990 | |
| | CTBC Investments Corp. | - | Financial assets at FVTOCI - non - current | 1,981,995 | 84,700 | 1.05 | 84,700 | |
| | Kaohsiung Rapid Transit Corp. | - | Financial assets at FVTOCI - non - current | 1,286,063 | 12,286 | 0.46 | 12,286 | |
| | Jie-Ho Development Co., Ltd. | - | Financial assets at FVTOCI - non - current | 171,131 | - | 0.16 | - | |
| | Huan Rong Hsin Resource Technology Corp. | - | Financial assets at FVTOCI - non - current | 600,000 | - | 30.00 | - | |
| Universal Investment Corporation | Mutual funds | | | | | | | |
| | Cathay No. 2 Real Estate Investment Trust | - | Financial assets at FVTPL - current | 24,000 | 394 | - | 394 | |
| | Listed shares | | | | | | | |
| | Prince Housing & Development Corp. | The juristic director of the Company acts as juristic director | Financial assets at FVTOCI - current | 38,526,900 | 427,649 | 2.37 | 427,648 | |
| | Tainan Spinning Co., Ltd. | The juristic director of the Company acts as juristic director | Financial assets at FVTOCI - current | 55 | 1 | - | 1 | |
| | Teco Image Systems Co., Ltd. | - | Financial assets at FVTPL - current | 523,000 | 8,917 | 0.46 | 8,917 | |
| | Privately offered shares | | | | | | | |
| | Creative Sensor Inc. | Representative of the juristic director of the Company acts as the representative of juristic director | Financial assets at FVTOCI - non - current | 9,000,000 | 242,100 | 6.04 | 242,100 | |

TABLE 3

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/ Units | Carrying Value | Percentage of Ownership (%) | Fair Value Or Net Equity | |
| | Unlisted shares | | | | | | | |
| | Pan Asia (Engineers & Constructors) Corporation. | Subsidiary of the Company acts as juristic supervisor | Financial assets at FVTOCI - non-current | 3,102,803 | 83,993 | 2.71 | 83,993 | |
| | Da Jen Venture Capital Co., Ltd. | Representative of the juristic director of the Company acts as director | Financial assets at FVTOCI - non-current | 673,200 | 16,303 | 8.06 | 16,303 | |
| | DarChan Venture Capital Co., Ltd. | Representative of the juristic director of the Company acts as supervisor | Financial assets at FVTOCI - non-current | 4,000,000 | 40,031 | 3.64 | 40,031 | |
| | Limited partnership | | | | | | | |
| | Taiwania Capital Buffalo Fund V, LP. | - | Financial assets at FVTPL - non-current | - | 47,559 | 3.23 | 47,559 | |
| Tainan Concrete Industrial Corporation | Listed shares | | | | | | | |
| | CTBC Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - current | 60,000 | 1,704 | - | 1,704 | |
| | preferred stock C of CTBC Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - current | 2,987 | 177 | - | 177 | |

TABLE 4

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEARS ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Seller | Property | Event Date | Original Acquisition Date | Carrying Amount | Transaction Amount | Collection | Gain (Loss) on Disposal | Counterparty | Relationship | Purpose of Disposal | Price Reference | Other Terms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tainan Concrete Industrial Corporation. | Land: No. 2972-1 and 2984-1, Yancheng Section, Nan District, Tainan City. | 2023.03.15 | 1977.02.15 and 1980.11.10 | $ 444,653（Note） | $ 1,122,830 | the payment terms of the contract | $ 611,911（Note） | Shangfa Construction Co., Ltd. and Linxin Construction Ltd. | Non-related party | Revitalize assets | Appraisal report | — |

Note: The merged company acquired the equity of Tainan Concrete Company in March 2022, and completed the acquisition price apportionment report in September of the same year. The book amount and disposal gains and losses are based on the premium generated from the acquisition transaction.

TABLE 5

## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEARS ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Buyer | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Company | Kaohsiung Harbor Transport Company | Subsidiary | Purchase (Freight) | $ 243,641 | 7 | 45 ~ 60 days after acceptance | Note | Equivalent | ( $ 16,551 ) | ( 2 ) | |
| | CHC Resources Corp. | The Group acts as key management | Purchase | 263,138 | 7 | 30 ~ 65 days after acceptance | Equivalent | Equivalent | ( 23,183 ) | ( 3 ) | |
| | Pan Asia (Engineers & Constructors) Corporation. | The Group acts as supervisor | Sale | 139,405 | 2 | 90 days of monthly settlement | Equivalent | Equivalent | 47,430 | 3 | |

Note：The purchase prices have no comparison with those from third parties.

TABLE 6

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of December 31, 2023 | | | Net Income (Loss) of the Investee | Share of Profits/Losses of Investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares | Percentage of Ownership | Carrying Amount | | | |
| The Company | Huanchung Cement International Corporation | Taichung city | Import, export, and sale of cement, cement material, fuel, and production | $ 69,993 | $ 69,993 | 6,999,333 | 69.99 | $ 117,559 | $ 19,912 | $ 13,939 | |
| | Chiayi Concrete Industrial Corporation | Chiayi County | Manufacturing and marketing of ready-mixed concrete | 22,643 | 22,643 | 2,252,378 | 86.63 | 41,180 | 799 | 692 | |
| | Kaohsiung Harbor Transport Company | Kaohsiung city | Trucking operation | 74,580 | 74,580 | 7,560,000 | 100.00 | 98,146 | 1,791 | 1,791 | |
| | Universal Investment Corporation | Taipei city | Investment activities | 650,000 | 650,000 | 75,000,000 | 100.00 | 872,621 | 87,055 | 87,055 | |
| | Universal Concrete Industrial Corporation | Taichung city | Manufacturing and marketing of ready-mixed concrete and gravel | 33,887 | 33,774 | 7,698,963 | 58.18 | 339,014 | 92,637 | 54,658 | |
| | Uneo Incorporated | Taipei city | Marketing of electronic Products | 291,671 | 291,671 | 6,000,000 | 100.00 | 18,940 | ( 15,324 ) | ( 15,324 ) | |
| | Li Yong Development Corporation | Taipei city | Investment activities, trading for real estate and leasing business | 20,000 | 20,000 | 2,000,000 | 100.00 | 19,281 | ( 186 ) | ( 186 ) | |
| | Lioho Machine Works Ltd. | Taoyuan city | Manufacturing and marketing of metal parts and automotive components | 174,997 | 174,997 | 89,581,468 | 29.86 | 10,804,541 | 2,815,952 | 840,843 | |
| | Tainan Concrete Industrial Corporation | Tainan city | Manufacturing and marketing of ready-mixed concrete and cement material | 238,180 | 68,454 | 2,023,624 | 67.45 | 1,087,279 | 1,039,224 | 411,126 | |
| Universal Investment Corporation | Universal Concrete Industrial Corporation | Taichung city | Manufacturing and marketing of ready-mixed concrete and gravel | 858 | 858 | 115,494 | 0.87 | 858 | - | - | |
| | Chiayi Concrete Industrial Corporation | Chiayi County | Manufacturing and marketing of ready-mixed concrete | 5 | 5 | 361 | 0.01 | 5 | - | - | |
| | Huanchung Cement International Corporation | Taichung city | Import, export, and sale of cement, cement material, fuel, and production | 13 | 13 | 667 | 0.01 | 13 | - | - | |
| | Tainan Concrete Industrial Corporation | Tainan city | Manufacturing and marketing of ready-mixed concrete and cement material | 178 | 178 | 10,000 | 0.33 | 178 | - | - | |
| | Lioho Machine Works Ltd. | Taoyuan city | Manufacturing and marketing of metal parts and automotive components | 93 | 93 | 1,680 | - | 93 | - | - | |

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| No. | Investee Company | Counterparty | Relationship (Note 1) | Transaction Details | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Accounts | Amount | Payment Terms | % to Total Sales or Assets |
| 0 | The Company | Kaohsiung Harbor Transport Company | (1) | Freight expense | $ 243,641 | The prices to related parties were not significantly different from those to third parties. Credit terms were 45 to 60 days after acceptance. | 3 |
| | | Kaohsiung Harbor Transport Company | (1) | Accounts payable | 16,551 | The prices to related parties were not significantly different from those to third parties. Credit terms were 45 to 60 days after acceptance. | - |
| | | Kaohsiung Harbor Transport Company | (1) | Other payables | 18,047 | The prices to related parties were not significantly different from those to third parties. Credit terms were 45 to 60 days after acceptance. | - |
| | | Uneo Incorporated | (1) | Sales revenue | 22,532 | The sales prices have no comparison with those from third parties, net 60 days after shipment. | - |
| | | Uneo Incorporated | (1) | Accounts receivable | 1,818 | The sales prices have no comparison with those from third parties, net 60 days after shipment. | - |
| | | Tainan Concrete Industrial Corporation | (1) | Interest income | 2,734 | Charged at an annual interest rate of 1.858%~2% | - |
| 1 | Huanchung Cement International Corporation | Universal Concrete Industrial Corporation | (3) | Sales revenue | 209,723 | The prices and terms to related parties were not significantly different from transactions with third parties. The credit terms were 90 to 120 days after shipment. | 3 |
| | | Universal Concrete Industrial Corporation | (3) | Accounts receivable | 77,551 | The prices and terms to related parties were not significantly different from transactions with third parties. The credit terms were 90 to 120 days after shipment. | 1 |
| 2 | Universal Investment Corporation | Tainan Concrete Industrial Corporation | (3) | Interest income | 272 | Charged at an annual interest rate of 2.05% | - |

Note 1: The transaction relationships with the counterparties are as follows:
- No. 1: Represents transactions from parent Company to subsidiary.
- No. 2: Represents transactions from the subsidiary to the parent Company.
- No. 3: Represents transactions among subsidiaries.

Note 2: All the transactions had been eliminated when preparing consolidated financial statements.

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**INFORMATION ON MAJOR SHAREHOLDERS**
**DECEMBER 31, 2023**

| Name of the major shareholder | Shares | |
|---|---|---|
| | Number of shares held (share) | Shareholding (%) |
| Sheng Yuan Investment Co., Ltd. | 67,213,485 | 9.98% |
| Yu-Sheng Investment Co., Ltd. | 66,467,998 | 9.87% |
| HOU, BO-YI | 52,414,898 | 7.78% |
| HSBC custodian Pictet investment accounts | 40,645,427 | 6.03% |

Note 1: The information on major shareholders in the table is information related to shareholders with aggregate ownership in the Company achieving 5% and above by holding ordinary shares and special shares that completed the non-physical registration and delivery (including treasury shares), calculated by the TDCC on the last business day at the end of the quarter. The share capital stated in the consolidated financial report of the Company may differ from the number of shares that completed the non-physical registration and delivery due to the differences in the basis of preparation and calculation.

Note 2: Regarding the information above, where shareholders entrust their shares with a trust, the information shall be disclosed in a separate personal account of the client in the nature of a trust account opened by the trustee. When shareholders with shareholding over 10% carrying out the insider’s equity report according to laws and regulations related to securities trading, the shareholding shall include its personal shareholding, plus shares entrusted with trust and possessing the right of utilization and decision-making. For information on the insider’s equity report, please refer to MOP

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**Attachment III.**

Financial Statements for the Years Ended Dec. 31, 2022 and 2023, and Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is stated as follows:

<u>Occurrence of sales of concrete products</u>

Refer to Note 4 (n) and Note 23, the Company mainly manufactures and sells cement, ready mixed concrete and gypsum board panels. The sales amount of some concrete products changed greatly in 2023 and the change can be due to changes in volume or price or both. Sales is the main source of the Company's revenue and has a material impact on the Company's financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

Our audit procedures in respect of the above key audit matter are described as follows:

1. We understood the design of the Company's internal controls on accounting for sales. We tested the implementation and operating effectiveness of the internal controls.

2. We selected samples from the sales records, and verified that the products and quantities listed on the delivery orders and the invoices are the same and for the same customers. We noted that the delivery orders are signed by the customers and confirmed that the payee matched the transaction counterparty.

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

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

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors’ report are Chi Chen Lee and Chao Chin Yang.

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 15, 2024

<u>*Notice to Readers*</u>

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

*For the convenience of readers, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and financial statements shall prevail. The English version not audited by an accountant.*

## Universal Cement Corporation

**BALANCE SHEETS**
**DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| **ASSETS** | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | |
| Cash (Notes 4 and 6) | $ 187,223 | 1 | $ 306,017 | 1 |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 4,661 | - | 7,535 | - |
| Financial assets at fair value through other comprehensive income - current (Notes 4 and 8) | 2,262,037 | 9 | 1,858,020 | 7 |
| Financial assets at amortized cost - current (Notes 4, 9, 10 and 33) | 30,060 | - | 67 | - |
| Contract assets - current (Notes 4 and 23) | 1,480 | - | 1,759 | - |
| Contract assets from related parties - current (Notes 4, 23 and 32) | - | - | 4,437 | - |
| Notes receivable (Notes 4 ,11 and 23) | 387,881 | 1 | 399,898 | 2 |
| Net Accounts receivable (Notes 4,11 and 23) | 1,209,571 | 5 | 1,216,542 | 5 |
| Net Accounts receivable from related parties (Notes 4, 11,23 and 32) | 60,568 | - | 44,977 | - |
| Other receivables (Notes 4 and 32) | 482 | - | 221,862 | 1 |
| Inventories (Notes 4 and 12) | 335,749 | 1 | 304,870 | 1 |
| Prepayments | 10,919 | - | 19,562 | - |
| Other current assets | 2,307 | - | 3,907 | - |
| Total current assets | 4,492,938 | 17 | 4,389,453 | 17 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 1,608,577 | 6 | 2,076,812 | 8 |
| Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 33) | 7,027 | - | 4,657 | - |
| Investments accounted for using the equity method (Notes 4 and 13) | 13,398,561 | 51 | 12,640,982 | 48 |
| Property, plant and equipment (Notes 4 and 14) | 6,261,756 | 24 | 6,326,916 | 24 |
| Right - of - use assets (Notes 4 and 15) | 57,524 | - | 58,557 | - |
| Investment properties (Notes 4 and 16) | 634,139 | 2 | 634,706 | 3 |
| Other intangible assets (Notes 4 and 17) | 10,183 | - | 11,324 | - |
| Deferred tax assets (Notes 4 and 25) | 13,880 | - | 11,251 | - |
| Prepayments for equipment | 45,458 | - | 30,031 | - |
| Net defined benefit assets(Notes 4 and 21) | 6,697 | - | 6,697 | - |
| Total non-current assets | 22,043,802 | 83 | 21,801,933 | 83 |
| TOTAL | $ 26,536,740 | 100 | $ 26,191,386 | 100 |
| **LIABILITIES AND EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Note 18) | $ 1,610,000 | 6 | $ 2,210,000 | 9 |
| Short-term bills payable (Notes 4 and 18) | 234,887 | 1 | 799,261 | 3 |
| Contract liabilities - current (Notes 4 and 23) | 530 | - | 240 | - |
| Notes payable (Note 19) | - | - | 30 | - |
| Accounts Payable (Note 19) | 637,988 | 2 | 609,753 | 2 |
| Accounts Payable to related parties (Notes 19 and 32) | 41,543 | - | 47,288 | - |
| Other payables (Notes 20 and 32) | 343,853 | 1 | 316,494 | 1 |
| Current tax liabilities (Note 25) | 121,251 | 1 | 112,632 | 1 |
| Lease liabilities - current (Notes 4, 15 and 32) | 11,760 | - | 10,587 | - |
| Long-term borrowings due within one year (Note 18) | 500,000 | 2 | - | - |
| Other current liabilities (Note 20) | 20,949 | - | 21,674 | - |
| Total current liabilities | 3,522,761 | 13 | 4,127,959 | 16 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 25) | 1,088,374 | 4 | 1,088,991 | 4 |
| Lease liabilities - non-current (Notes 4, 15 and 32) | 46,306 | 1 | 48,170 | - |
| Guarantee deposits received | 10,117 | - | 8,362 | - |
| Total non-current liabilities | 1,144,797 | 5 | 1,145,523 | 4 |
| Total liabilities | 4,667,558 | 18 | 5,273,482 | 20 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22) | | | | |
| Capital stock - common stock | 6,732,175 | 25 | 6,536,092 | 25 |
| Capital surplus | 123,719 | - | 123,499 | - |
| Retained earnings | | | | |
| Legal reserve | 2,920,126 | 11 | 2,715,883 | 11 |
| Special reserve | 3,185,793 | 12 | 3,185,793 | 12 |
| Unappropriated earnings | 8,099,817 | 31 | 7,372,038 | 28 |
| Total retained earnings | 14,205,736 | 54 | 13,273,714 | 51 |
| Other equity | 807,552 | 3 | 984,599 | 4 |
| Total equity | 21,869,182 | 82 | 20,917,904 | 80 |
| TOTAL | $ 26,536,740 | 100 | $ 26,191,386 | 100 |

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

(Concluded)

# Universal Cement Corporation
## STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
## (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4, 23 and 32) | $ 6,007,860 | 100 | $ 5,710,196 | 100 |
| OPERATING COSTS (Notes 12, 21, 24 and 32) | 4,721,870 | 79 | 4,533,229 | 79 |
| GROSS PROFIT | 1,285,990 | 21 | 1,176,967 | 21 |
| OPERATING EXPENSES (Notes 21, 24 and 32) | | | | |
| Selling and marketing expenses | 145,489 | 2 | 120,348 | 2 |
| General and administrative expenses | 240,303 | 4 | 188,617 | 3 |
| Research and development expenses | 63,498 | 1 | 81,526 | 2 |
| Expected credit loss (gain) | ( 6,377 ) | - | 8,487 | - |
| Total operating expenses | 442,913 | 7 | 398,978 | 7 |
| PROFIT FROM OPERATIONS | 843,077 | 14 | 777,989 | 14 |
| NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 32) | | | | |
| Interest income | 5,033 | - | 1,775 | - |
| Other income | 218,605 | 4 | 224,216 | 4 |
| Other gains and losses | ( 117,059 ) | ( 2 ) | 203,980 | 4 |
| Interest expenses | ( 48,582 ) | ( 1 ) | ( 35,034 ) | ( 1) |
| Share of profit or loss of associates accounted for using the equity method | 1,394,594 | 23 | 1,042,108 | 18 |
| Total non-operating income and expenses | 1,452,591 | 24 | 1,437,045 | 25 |
| PROFIT BEFORE INCOME TAX | 2,295,668 | 38 | 2,215,034 | 39 |
| INCOME TAX EXPENSE (Notes 4 and 25) | 187,910 | 3 | 173,639 | 3 |
| NET PROFIT FOR THE YEAR | 2,107,758 | 35 | 2,041,395 | 36 |
| OTHER COMPREHENSIVE INCOME (Note 22) | | | | |
| 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 | ( 62,751 ) | ( 1 ) | 143,686 | 3 |
| Share of the other comprehensive income or loss of associates accounted for using the equity method | 96,481 | 2 | ( 49,909 ) | ( 1) |
| | 33,730 | 1 | 93,777 | 2 |

(Continued)

## Universal Cement Corporation

**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of the other comprehensive income of associates accounted for using the equity method | ( $ 210,016 ) | ( 4) | $ 146,367 | 2 |
| | ( $ 210,016 ) | ( 4) | 146,367 | 2 |
| Other comprehensive income (loss) for the year, net of income tax | ( 176,286 ) | ( 3) | 240,144 | 4 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | $ 1,931,472 | 32 | $ 2,281,539 | 40 |
| EARNINGS PER SHARE (Note 26) | | | | |
| Basic | $ 3.13 | | $ 3.03 | |
| Diluted | 3.12 | | 3.02 | |

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

(Concluded)

# Universal Cement Corporation

**STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

| | | | Retained Earnings | | | Other Equity | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock - Common Stock | Capital Surplus | Legal Reserve | Special Reserve | Unappropriated Earnings | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Remeasurement of Defined Benefit Plans | other | Total | Total Equity |
| BALANCE AT JANUARY 1, 2022 | $ 6,536,092 | $ 66,950 | $ 2,607,075 | $ 3,185,793 | $ 6,092,023 | ($ 945,843) | $ 1,638,872 | $ 69,720 | ($ 17,217) | $ 745,532 | $ 19,233,465 |
| Appropriation of 2021 earnings (Note 22) | | | | | | | | | | | |
| Legal reserve | - | - | 108,808 | - | ( 108,808 ) | - | - | - | - | - | - |
| Cash dividends distributed by the Company - NT$ 1 per share | - | - | - | - | ( 653,609 ) | - | - | - | - | - | ( 653,609) |
| Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 28) | - | 56,211 | - | - | - | - | - | - | - | - | 56,211 |
| Disposals of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 1,077 | - | ( 1,077) | - | - | ( 1,077) | - |
| Changes in recognition of associates accounted for using the equity method | - | 340 | - | - | ( 40) | - | - | - | - | - | 300 |
| Overdue dividends not collected by shareholders | - | ( 2) | - | - | - | - | - | - | - | - | ( 2) |
| Net profit for the year ended December 31, 2022 | - | - | - | - | 2,041,395 | - | - | - | - | - | 2,041,395 |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | - | - | - | - | - | 146,367 | 74,103 | 19,674 | - | 240,144 | 240,144 |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | - | 2,041,395 | 146,367 | 74,103 | 19,674 | - | 240,144 | 2,281,539 |
| BALANCE AT DECEMBER 31, 2022 | 6,536,092 | 123,499 | 2,715,883 | 3,185,793 | 7,372,038 | ( 799,476) | 1,711,898 | 89,394 | ( 17,217) | 984,599 | 20,917,904 |
| Appropriation of 2022 earnings (Note 22) | | | | | | | | | | | |
| Legal reserve | - | - | 204,243 | - | ( 204,243) | - | - | - | - | - | - |
| Cash dividends distributed by the Company - NT$ 1.5 per share | - | - | - | - | ( 980,414) | - | - | - | - | - | ( 980,414) |
| Stock dividends distributed by the Company - NT$ 0.3 per share | 196,083 | - | - | - | ( 196,083) | - | - | - | - | - | - |
| Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 28) | - | 221 | - | - | - | - | - | - | - | - | 221 |
| Disposals of investments in equity instruments at fair value through other comprehensive income | - | - | - | - | 1,620 | - | ( 1,620) | - | - | ( 1,620) | - |
| Changes in recognition of associates accounted for using the equity method | - | - | - | - | ( 859) | - | 859 | - | - | 859 | - |
| Overdue dividends not collected by shareholders | - | ( 1) | - | - | - | - | - | - | - | - | ( 1) |
| Net profit for the year ended December 31, 2023 | - | - | - | - | 2,107,758 | - | - | - | - | - | 2,107,758 |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | - | - | - | - | - | ( 210,016) | 31,870 | 1,860 | - | ( 176,286) | ( 176,286) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | - | 2,107,758 | ( 210,016) | 31,870 | 1,860 | - | ( 176,286) | 1,931,472 |
| BALANCE AT DECEMBER 31, 2023 | $ 6,732,175 | $ 123,719 | $ 2,920,126 | $ 3,185,793 | $ 8,099,817 | ($ 1,009,492) | $ 1,743,007 | $ 91,254 | ($ 17,217) | $ 807,552 | $ 21,869,182 |

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

(Concluded)

# Universal Cement Corporation

## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
## (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | $ 2,295,668 | $ 2,215,034 |
| Adjustments for: | | |
| Depreciation expenses | 126,467 | 123,591 |
| Amortization expenses | 3,626 | 2,415 |
| Expected credit loss (gain) recognized | ( 6,377 ) | 8,487 |
| Interest expenses | 48,582 | 35,034 |
| Interest income | ( 5,033 ) | ( 1,775 ) |
| Dividend income | ( 178,687 ) | ( 193,444 ) |
| Share of profit or loss of associates accounted for using the equity method | ( 1,394,594 ) | ( 1,042,108 ) |
| Net gain on disposal of property, plant and equipment | ( 525 ) | ( 3,950 ) |
| Net gain on fair value changes of financial assets designated as at fair value through profit or loss | ( 721 ) | ( 669 ) |
| Gain on disposal of investment properties | - | ( 107,131 ) |
| Regarded as gain on disposal of associates accounted for using the equity method | - | ( 373,540 ) |
| Impairment loss on assets | 116,111 | 274,161 |
| Gain on lease modification | - | ( 93 ) |
| Liquidation Benefit | - | ( 44,029 ) |
| Changes in operating assets and liabilities | | |
| Contract assets (Including related parties) | 5,894 | 983 |
| Notes receivable | 12,017 | ( 4,622 ) |
| Accounts receivable (Including related parties) | ( 3,421 ) | ( 232,620 ) |
| Other receivables | 880 | 4 |
| Inventories | ( 30,879 ) | ( 38,419 ) |
| Prepayments | 8,643 | ( 3,252 ) |
| Other current assets | 1,600 | ( 221 ) |
| Contract liabilities | 290 | ( 984 ) |
| Notes payable | ( 30 ) | 30 |
| Accounts payable (Including related parties) | 22,490 | 35,177 |
| Other payables | 26,036 | 60,983 |
| Other current liabilities | ( 725 ) | 3,084 |
| Net defined benefit liability | - | ( 2 ) |
| Cash generated from operations | 1,047,312 | 712,124 |
| Interest received | 5,033 | 1,775 |
| Dividends received | 690,755 | 402,700 |
| Income tax paid | ( 182,537 ) | ( 162,614 ) |
| Net cash generated from operating activities | 1,560,563 | 953,985 |

(Continued)

# Universal Cement Corporation
## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
## (In Thousands of New Taiwan Dollars)

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from the capital reduction of financial assets at fair value through other comprehensive income | $ 13,213 | $ - |
| Increase in financial assets at amortized cost | ( 32,543 ) | ( 1,160 ) |
| Decrease in financial assets at amortized cost | 180 | 1,210 |
| Acquisitions of investments accounted for using the equity method | ( 113 ) | ( 169,690 ) |
| Proceeds from sale of financial assets at fair value through profit or loss | 3,595 | - |
| Payments for property, plant and equipment | ( 180,337 ) | ( 93,608 ) |
| Proceeds from disposal of property, plant and equipment | 686 | 6,443 |
| Payments for intangible assets | ( 2,485 ) | ( 5,688 ) |
| Payments for investment properties | - | ( 3,956 ) |
| Proceeds from disposal of investment properties | - | 161,430 |
| Increase in other receivables | - | ( 220,500 ) |
| Decrease in other receivables | 220,500 | 105,000 |
| Net cash generated from (used in) investing activities | 22,696 | ( 220,519 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (Repayments) in short-term borrowings | ( 600,000 ) | 430,000 |
| Repayments from short-term bills payable | ( 565,000 ) | ( 260,000 ) |
| Increase in long-term borrowings | 500,000 | |
| Proceeds from guarantee deposits received | 2,160 | 665 |
| Refund of guarantee deposits received | ( 405 ) | ( 1,130 ) |
| Repayment of the principal portion of lease liabilities | ( 10,902 ) | ( 13,437 ) |
| Cash dividends paid | ( 980,414 ) | ( 653,609 ) |
| Interest Paid | ( 47,492 ) | ( 34,807 ) |
| Net cash used in financing activities | ( 1,702,053 ) | ( 532,318 ) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | ( 118,794 ) | 201,148 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 306,017 | 104,869 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 187,223 | $ 306,017 |

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

(Concluded)

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

## 1. GENERAL INFORMATION

Universal Cement Corporation (the Company) was incorporated in the Republic of China (ROC) in March 1960. The Company mainly manufactures and sells cement, ready mixed concrete and gypsum board panels.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since February 1971.

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

## 2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Company's board of directors on March 15, 2024.

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

a. The 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 any material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback" | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements" | January 1, 2024 (Note 3) |

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

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

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

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

| New, Amended and Revised Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" | To be determined by IASB |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information" | January 1, 2023 |
| Amendments to IAS 21 "Lack of Exchangeability" | January 1, 2025 (Note 2) |

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

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

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

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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 which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

When preparing its financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in its financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates and related equity items, as appropriate, in these financial statements.

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 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer’s previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer’s previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Company’s previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Company.

e. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the functional currencies of the Company entities (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials and supplies, merchandise, finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in subsidiaries

Equity method is adopted for investments in subsidiaries.

A subsidiary is an entity in which that the Company has control.

Under the equity method, the investments are initially recognized at costs, and the subsequent carrying amount upon acquisition shall increase/decrease according to the share of profit or loss from subsidiaries and other comprehensive income, and profit allocation entitled to the Company. In addition, changes in other interests in subsidiaries entitled to the Company are recognized according to the shareholding.

Changes in the Company's ownership interests in subsidiaries not resulting in the loss of control are accounted for as equity transactions. The differences between the carrying amount of investments and the fair value of the paid or received consideration are directly recognized as equity.

Where the Company's share of loss from a subsidiary equal to or exceeds the interests in the subsidiary (including the carrying amount of the subsidiary using equity method and other long-term interests substantially are a part of net investments of the Company in the subsidiary), the Company continues to recognize losses according to the shareholding.

Where the acquisition costs exceed the share of net fair value of the subsidiary's identifiable assets and liabilities entitled to the Company on the date of acquisition, such amount is recognized as goodwill. Goodwill is included in the carrying amount of such investments and shall not be amortized. The exceeding amount of the share of net fair value of the subsidiary's identifiable assets and liabilities entitled to the Company on the date of acquisition to the acquisition costs is recognized as gains of the year.

For impairment evaluation, the Company considers cash-generating units (the "CGUs") and compares its recoverable amount based on the individual financial report, as a whole. Subsequently, where the recoverable amount of the assets increases, the Company recognizes the reversal of impairment loss as gains. However, the carrying amount of the assets less the reversal of impairment loss shall not exceed the carrying amount of the asset less the amortization should have been recognized under the condition where no impairment loss is recognized.

When losing control over a subsidiary, the Company measure its remaining investments in its former subsidiary based on the fair value on the date when control is lost. The differences between the fair value of the remaining investments and any consideration from disposals, and the carrying amount of the investment on the date when control is lost are recognized in profit or loss for the year. Furthermore, the accounting for all amounts related to the subsidiary that is recognized in other comprehensive income shall be on the basis required for the Company in direct disposals of assets or liabilities.

The unrealized gain or loss from downstream transactions between the Company and its subsidiaries is written off in the individual financial report. Gain or loss from upstream and side stream transactions between the Company and its subsidiaries are recognized in the individual financial report, to the extent where the Company is not related to the interests of subsidiaries.

h. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company’s share of equity of associates.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company’s proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus – changes in capital surplus from investments in associates accounted for using the equity method. If the Company’s ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When a Corporation entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent that interests in the associate are not related to the Company.

i. Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of the property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

k. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

l. Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when a Corporation entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with dividends or interest and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables and financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), as well as contract assets.

The Company always recognizes lifetime expected credit losses (i.e. ECLs) on accounts receivable and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by a Corporation entity are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by a Corporation entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement
All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities
The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of cement, ready mixed concrete and gypsum board panels. Sales of cement, ready mixed concrete and gypsum board panels are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and contract assets are recognized concurrently. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations. When the customer initially purchases cement, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

o. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

p. Borrowing costs

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

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

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Company determines its current income (loss) according to the regulations established by the jurisdictions of the tax return to calculate its income tax payable (recoverable).

According to the Income Tax Law of ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current years' tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company has not been subject to material accounting judgements, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Cash on hand | $ 321 | $ 380 |
| Checking accounts and demand deposits | 186,902 | 273,392 |
| Cash equivalent (investments with original maturities less than 3 months) | | |
| Time deposits | - | 32,245 |
| | $ 187,223 | $ 306,017 |

The ranges of interest rates for time deposits were 4.75%~4.80% on December 31, 2022.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Domestic listed shares and emerging market shares | $ 4,661 | $ 7,535 |

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Investments in equity instruments at FVTOCI - Current | | |
| Domestic investments | | |
| Listed shares and emerging market shares | $ 2,262,037 | $ 1,858,020 |
| Investments in equity instruments at FVTOCI - Non-current | | |
| Domestic investments | | |
| Privately placed listed shares and emerging market shares | $ 349,700 | $ 301,600 |
| Unlisted shares | 1,258,877 | 1,775,212 |
| | $ 1,608,577 | $ 2,076,812 |

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current | | |
| Time deposits with original maturity of more than 3 months (a) | $ 29,993 | $ - |
| Pledged time deposits (a) | 67 | 67 |
| | $ 30,060 | $ 67 |
| Non-current | | |
| Pledged time deposits (a) | $ 2,500 | $ - |
| Refundable deposits | 4,527 | 4,657 |
| | $ 7,027 | $ 4,657 |

a. The ranges of interest rates for time deposits and pledged time deposits with original maturities of more than 3 months were approximately 1.565% ~ 5.47% and 1.44% per annum as of December 31, 2023 and 2022, respectively. The information on pledged time deposits is set out in Note 33.

b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Financial assets at amortized cost - current | $ 30,060 | $ 67 |
| Financial assets at amortized cost - non-current | 7,027 | 4,657 |
| | $ 37,087 | $ 4,724 |

The Company invests only in debt instruments that have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. In determining the expected credit losses for debt instrument investments, the Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. Due to the debt instrument investments have low credit risk and sufficient ability to settle contractual cash flows, as of December 31, 2023 and 2022, no expected credit losses have been recognized in financial assets measured at amortized cost.

## 11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Notes receivable | | |
| At amortized cost | | |
| Notes receivable - operating | $ 387,881 | $ 399,898 |
| | | |
| Accounts receivable (Including related parties) | | |
| At amortized cost | $ 1,274,290 | $ 1,273,493 |
| Less: Allowance for impairment loss | 4,151 | 11,974 |
| | $ 1,270,139 | $ 1,261,519 |

a. Notes receivable

The Company analyzed notes receivable was not past due based on past due status, and the Company did not recognize an expected credit loss for notes receivable as of December 31, 2023 and 2022.

b. Accounts receivable (Including related parties)

The average collection period for receivables due to sales was between 30 to 90 days. No interest was charged on accounts receivable.

In order to minimize credit risk, the management of the Company has delegated a team responsible 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 Company 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. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company'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 Company's different customer base.

The Company writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For account receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivables based on the Company's provision matrix.

**December 31, 2023**

| | Less than 30 Days | 31 to 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 150 Days | 151 to 365 Days | Over 365 Days | Total |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.13% | 0.37% | 0.88% | 2.96% | 13.41% | 37.51% ~ 54.09% | 100% | |
| Gross carrying amount | $ 908,083 | $ 253,239 | $ 69,759 | $ 37,718 | $ 5,337 | $ 154 | $ - | $1,274,290 |
| Loss allowance (Lifetime ECL) | ( 652) | ( 945) | ( 615) | ( 1,118) | ( 716) | ( 105) | - | ( 4,151) |
| Amortized cost | $ 907,431 | $ 252,294 | $ 69,144 | $ 36,600 | $ 4,621 | $ 49 | $ - | $1,270,139 |

**December 31, 2022**

| | Less than 30 Days | 31 to 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 150 Days | 151 to 365 Days | Over 365 Days | Total |
|---|---|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.1% | 0.27% | 0.67% | 2.17% | 10.58% | 31.99% ~ 44.98% | 100% | |
| Gross carrying amount | $ 943,250 | $ 216,241 | $ 80,809 | $ 8,436 | $ 714 | $ 22,195 | $ 1,848 | $1,273,493 |
| Loss allowance (Lifetime ECL) | ( 425) | ( 579) | ( 543) | ( 183) | ( 76) | ( 8,320) | ( 1,848) | ( 11,974) |
| Amortized cost | $ 942,825 | $ 215,662 | $ 80,266 | $ 8,253 | $ 638 | $ 13,875 | $ - | $1,261,519 |

The movements of the loss allowance of contract asset and accounts receivable (Including related parties) were as follows:

For the year of 2023

| | Contract Asset | Accounts Receivable (Including related parties) | Total |
|---|---|---|---|
| Balance at January 1 | $ 1,548 | $ 11,974 | $ 13,522 |
| Less: Reversal for the year | ( 1,178) | ( 5,199) | ( 6,377) |
| Less: Written off for the year | - | ( 2,624) | ( 2,624) |
| Balance at December 31 | $ 370 | $ 4,151 | $ 4,521 |

For the year of 2022

| | Contract Asset (Including related parties) | Accounts Receivable (Including related parties) | Total |
|---|---|---|---|
| Balance at January 1 | $ 1,745 | $ 3,290 | $ 5,035 |
| Add: Allowance (reversal) for the year | ( 197) | 8,684 | 8,487 |
| Balance at December 31 | $ 1,548 | $ 11,974 | $ 13,522 |

## 12. INVENTORIES

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Finished goods | $ 124,393 | $ 90,126 |
| Work in process | 8,932 | 22,615 |
| Raw materials and supplies | 202,424 | 192,129 |
| | $ 335,749 | $ 304,870 |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $ 4,721,870 thousand and $ 4,533,229 thousand, respectively.

## 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Investments in subsidiaries | $ 2,594,020 | $ 2,022,509 |
| Investments in associates | 10,804,541 | 10,618,473 |
| | $ 13,398,561 | $ 12,640,982 |

a. Investments in subsidiaries

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Chiayi Concrete Industrial Corporation | $ 41,180 | $ 40,488 |
| Huanchung Cement International Corporation | 117,559 | 115,686 |
| Kaohsiung Harbor Transport Company | 98,146 | 98,997 |
| Universal Investment Corporation | 872,621 | 705,049 |
| Universal Concrete Industrial Corporation | 339,014 | 330,170 |
| Uneo Incorporated | 18,940 | 34,327 |
| Li Yong Development Corporation. | 19,281 | 19,467 |
| Tainan Concrete Industrial Corporation | 1,087,279 | 678,325 |
| | $ 2,594,020 | $ 2,022,509 |

| | Proportion of Ownership and Voting Rights Percentage | |
|---|---|---|
| | December 31 | |
| | 2023 | 2022 |
| Chiayi Concrete Industrial Corporation | 86.63% | 86.63% |
| Huanchung Cement International Corporation | 69.99% | 69.99% |
| Kaohsiung Harbor Transport Company | 100.00% | 100.00% |
| Universal Investment Corporation | 100.00% | 100.00% |
| Universal Concrete Industrial Corporation (a) | 58.18% | 58.12% |
| Uneo Incorporated | 100.00% | 100.00% |
| Li Yong Development Corporation. | 100.00% | 100.00% |
| Tainan Concrete Industrial Corporation (b) | 67.45% | 67.45% |

a. The Company acquired 8 thousand shares held by the non-controlling interest of Universal Concrete Industrial Corp. in November 2023, resulting in an increase in shareholding ratio. Please refer to Note 28.

b. The Company acquired 759 thousand shares held by the non-controlling interest of Tainan Concrete Industrial Corp. from January to September in 2022, resulting in an increase in shareholding ratio. In addition, the company acquired control of Tainan Concrete Industrial Corp. in March 2022 and included in subsidiaries. Please refer to Note 27.

b. Investments in Associates

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Unlisted companies | | |
| Material associate | | |
| Lioho Machine Works Ltd. | $ 10,804,541 | $ 10,618,473 |

1. Material associates

| | Proportion of Ownership and Voting Rights | |
|---|---|---|
| | December 31 | |
| | 2023 | 2022 |
| Name of Associate | | |
| Lioho Machine Works Ltd. | 29.86% | 29.86% |

Refer to Table 6 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

The share of net income and other comprehensive income from associates under equity method were accounted for based on the audited financial statements.

The summarized financial information below represents amounts shown in the financial statements of Lioho Machine Works Ltd. which were prepared in accordance with IFRSs and adjusted by the Company for equity accounting purposes.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Equity | $ 36,184,500 | $ 35,561,344 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Operating revenue | $ 10,690,916 | $ 12,040,246 |
| Net profit for the year | $ 2,815,952 | $ 2,756,092 |
| Other comprehensive loss | ( $ 689,919 ) | $ 547,750 |
| Dividends received from Lioho Machine Works Ltd. | $ 447,907 | $ 179,162 |

2. Associates that are not individually significant - 2022

| | Amount |
|---|---|
| Share of the company | |
| Net profit for the year and total comprehensive income | $ 411 |

Profit and Loss of affiliated enterprise of equity method and other comprehensive P&L are recognized according to the financial statements of respective affiliated enterprises under the same period which is audited by CPA. The company acquired control of Tainan Concrete Industrial Corp. in March 2022 and included in subsidiaries. Please refer to Note 27.

## 14. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Machinery and equipment | Transportation equipment | Other equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| Cost | | | | | | | |
| Balance at January 1, 2022 | $ 4,387,508 | $ 2,007,469 | $ 3,220,248 | $ 502,981 | $ 748,464 | $ 922,295 | $ 11,788,965 |
| Additions | 2,105 | 2,618 | 20,788 | 9,474 | 10,310 | 37,993 | 83,288 |
| Disposals | ( 2,493) | - | ( 300) | ( 179) | ( 2,761) | - | ( 5,733) |
| Balance at December 31, 2022 | $ 4,387,120 | $ 2,010,087 | $ 3,240,736 | $ 512,276 | $ 756,013 | $ 960,288 | $ 11,866,520 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at January 1, 2022 | $ - | $ 1,136,160 | $ 3,009,792 | $ 364,379 | $ 545,859 | $ 103,005 | $ 5,159,195 |
| Depreciation expense | - | 28,532 | 33,356 | 27,581 | 20,019 | - | 109,488 |
| Disposals | - | - | ( 300) | ( 179) | ( 2,761) | - | ( 3,240) |
| Impairment loss | - | - | - | - | - | 274,161 | 274,161 |
| Balance at December 31, 2022 | $ - | $ 1,164,692 | $ 3,042,848 | $ 391,781 | $ 563,117 | $ 377,166 | $ 5,539,604 |
| Carrying amounts at December 31, 2022 | $ 4,387,120 | $ 845,395 | $ 197,888 | $ 120,495 | $ 192,896 | $ 583,122 | $ 6,326,916 |
| Cost | | | | | | | |
| Balance at January 1, 2023 | $ 4,387,120 | $ 2,010,087 | $ 3,240,736 | $ 512,276 | $ 756,013 | $ 960,288 | $ 11,866,520 |
| Additions | - | 4,858 | 20,822 | 40,471 | 31,597 | 68,020 | 165,768 |
| Disposals | - | - | ( 8,356) | ( 3,902) | ( 6,692) | - | ( 18,950) |
| Reclassification | - | 23,771 | - | - | 21,182 | ( 44,953) | - |
| Balance at December 31, 2023 | $ 4,387,120 | $ 2,038,716 | $ 3,253,202 | $ 548,845 | $ 802,100 | $ 983,355 | $ 12,013,338 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at January 1, 2023 | $ - | $ 1,164,692 | $ 3,042,848 | $ 391,781 | $ 563,117 | $ 377,166 | $ 5,539,604 |
| Depreciation expense | - | 28,738 | 34,668 | 29,455 | 21,795 | - | 114,656 |
| Disposals | - | - | ( 8,356) | ( 3,741) | ( 6,692) | - | ( 18,789) |
| Impairment loss | - | - | - | - | - | 116,111 | 116,111 |
| Balance at December 31, 2023 | $ - | $ 1,193,430 | $ 3,069,160 | $ 417,495 | $ 578,220 | $ 493,277 | $ 5,751,582 |
| Carrying amounts at December 31, 2023 | $ 4,387,120 | $ 845,286 | $ 184,042 | $ 131,350 | $ 223,880 | $ 490,078 | $ 6,261,756 |

There are indications of impairment due to the expected lower production capacity of certain equipment in our Lujhu gypsum board plant. Therefore, the Group performed an impairment test in 2023 and 2022, recognized an impairment loss of $116,111 thousand and $274,161 thousand, included in non-operating expenses.

The future recoverable amount is determined using the replacement cost method, taking into account all costs required to replace or build an entirely new asset under the current condition, less the physical depreciation, functional depreciation, and economic depreciation incurred to the assets of appraisal.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

| | |
|---|---|
| Buildings | |
| Main buildings | 20-60 years |
| Outbuildings and construction | 2-16 years |
| Engineering systems | 9-16 years |
| Machinery and equipment | 2-17 years |
| Transportation equipment | 2-7 years |
| Other equipment | 2-20 years |

## 15. LEASE ARRANGEMENTS

a. Right-of-use assets

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Carrying amounts | | |
| Buildings | $ 40,878 | $ 47,282 |
| Transportation equipment | 16,646 | 11,275 |
| | $ 57,524 | $ 58,557 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Additions to right-of-use assets | $ 10,211 | $ 55,298 |
| | | |
| Depreciation charge for right-of-use assets | | |
| Buildings | $ 7,754 | $ 9,868 |
| Transportation equipment | 3,490 | 3,668 |
| | $ 11,244 | $ 13,536 |

Except for depreciation expenses added and recognized above, the right-of-use asset did not encounter underlying sub-lease or loss in value in 2023 and 2022.

b. Lease liabilities

| | December 31 | |
|---|---|---|
| Carrying amounts | 2023 | 2022 |
| Current | $ 11,760 | $ 10,587 |
| Non-current | $ 46,306 | $ 48,170 |

| Ranges of discount rates for lease liabilities were as follows: | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Buildings | 0.9% | 0.9% |
| Transportation equipment | 0.9%~1.7885% | 0.9%~1% |

c. Other lease information

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Expenses relating to short-term leases | $ 21,142 | $ 10,893 |
| Expenses relating to low-value assets leases | $ 502 | $ 208 |
| Total cash outflow for leases | $ 33,037 | $ 24,894 |

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

## 16. INVESTMENT PROPERTIES

| | Land | Buildings | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1 , 2022 | $ 732,094 | $ 116,602 | $ 848,696 |
| Additions | 3,956 | - | 3,956 |
| Disposals | ( 72,201) | ( 18,375) | ( 90,576) |
| Balance at December 31, 2022 | $ 663,849 | $ 98,227 | $ 762,076 |
| | | | |
| Accumulated depreciation and impairment | | | |
| Balance at January 1 , 2022 | $ 61,135 | $ 101,945 | $ 163,080 |
| Depreciation expense | - | 567 | 567 |
| Disposals | ( 17,903) | ( 18,374) | ( 36,277) |
| Balance at December 31, 2022 | $ 43,232 | $ 84,138 | $ 127,370 |
| | | | |
| Carrying amounts at December 31, 2022 | $ 620,617 | $ 14,089 | $ 634,706 |

| | Land | Buildings | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1 and December 31, 2023 | $ 663,849 | $ 98,227 | $ 762,076 |
| | | | |
| Accumulated depreciation and impairment | | | |
| Balance at January 1, 2023 | $ 43,232 | $ 84,138 | $ 127,370 |
| Depreciation expense | - | 567 | 567 |
| Balance at December 31, 2023 | $ 43,232 | $ 84,705 | $ 127,937 |
| | | | |
| Carrying amounts at December 31, 2023 | $ 620,617 | $ 13,522 | $ 634,139 |

As of December 31, 2023 and 2022, the Company has not yet completed the property registration of the land both amounting to $95,795 thousand, because of the restriction in the regulations but the property has been secured with mortgage registration.

The Company sold the land of Gangzitou Section, Liujia District, Tainan City to non-related party in September 2022. The gains on the sale were $107,131 thousand, included in non-operating income.

The investment properties are depreciated using the straight-line method over 61 years of useful lives.

The fair values of the investment properties of the company as at December 31, 2023 and 2022 were $1,612,019 thousand and $1,928,769 thousand respectively. The fair values were determined by the independent appraisal company on each balance sheet date in the past three years with reference to similar real estate fair value of the transaction price is based on market evidence, or the company's management refers to the actual transaction price in nearby areas.

The maturity analysis of lease payments receivable under operating leases of investment properties were as follows:

| | December 31 2023 | December 31 2022 |
|---|---|---|
| Year 1 | $ 11,073 | $ 10,761 |
| Year 2 | 6,688 | 6,762 |
| Year 3 | 6,701 | 6,628 |
| Year 4 | 6,701 | 6,689 |
| Year 5 | 6,801 | 6,689 |
| Year 5 onwards | 3,451 | 10,234 |
| | $ 41,415 | $ 47,763 |

## 17. OTHER INTANGIBLE ASSETS

| | Patents | Licenses and Franchises | Trademarks | Computer Software | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at January 1, 2022 | $ 8,158 | $ 5,762 | $ 20 | $ 5,798 | $ 19,738 |
| Additions | 270 | - | 24 | 5,394 | 5,688 |
| Balance at December 31, 2022 | $ 8,428 | $ 5,762 | $ 44 | $ 11,192 | $ 25,426 |
| Accumulated amortization | | | | | |
| Balance at January 1, 2022 | $ 4,870 | $ 3,868 | $ 11 | $ 2,938 | $ 11,687 |
| Amortization expense | 735 | 236 | 3 | 1,441 | 2,415 |
| Balance at December 31, 2022 | $ 5,605 | $ 4,104 | $ 14 | $ 4,379 | $ 14,102 |
| Carrying amounts at December 31, 2022 | $ 2,823 | $ 1,658 | $ 30 | $ 6,813 | $ 11,324 |
| Cost | | | | | |
| Balance at January 1, 2023 | $ 8,428 | $ 5,762 | $ 44 | $ 11,192 | $ 25,426 |
| Additions | 423 | - | - | 2,062 | 2,485 |
| Balance at December 31, 2023 | $ 8,851 | $ 5,762 | $ 44 | $ 13,254 | $ 27,911 |
| Accumulated amortization | | | | | |
| Balance at January 1, 2023 | $ 5,605 | $ 4,104 | $ 14 | $ 4,379 | $ 14,102 |
| Amortization expense | 679 | 237 | 4 | 2,706 | 3,626 |
| Balance at December 31, 2023 | $ 6,284 | $ 4,341 | $ 18 | $ 7,085 | $ 17,728 |
| Carrying amounts at December 31, 2023 | $ 2,567 | $ 1,421 | $ 26 | $ 6,169 | $ 10,183 |

Other intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

| | |
|---|---|
| Patents | 19 years |
| Licenses and franchises | 10 years |
| Trademarks | 10 years |
| Computer Software | 2-3 years |

## 18. BORROWINGS

a. Short-term borrowings

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Unsecured borrowings | | |
| Line of credit borrowings | $ 1,610,000 | $ 2,210,000 |

The range of interest rates was 1.75%~1.82% and 1.60%~1.92% per annum as of December 31, 2023 and 2022.

b. Short-term bills payable

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Commercial papers | $ 235,000 | $ 800,000 |
| Less: Unamortized discount on bills payable | 113 | 739 |
| | $ 234,887 | $ 799,261 |

The Company did not provide any collateral over these balance.

Outstanding short-term bills payable as follows:

| Promissory Institutions | Nominal Amount | Discount Amount | Carrying Value | Interest Rate |
|---|---|---|---|---|
| December 31, 2023 | | | | |
| Taiwan Finance Co., Ltd. | $ 80,000 | $ 28 | $ 79,972 | 1.798% |
| Mega Bills Finance Co., Ltd. | 155,000 | 85 | 154,915 | 1.828% |
| | $ 235,000 | $ 113 | $ 234,887 | |
| December 31, 2022 | | | | |
| International Bills Finance Corporation | $ 300,000 | $ 281 | $ 299,719 | 2.138% |
| Mega Bills Finance Corporation | 500,000 | 458 | 499,542 | 2.088% |
| | $ 800,000 | $ 739 | $ 799,261 | |

c. Long -term borrowings - December 31, 2023

| | Amount |
|---|---|
| Unsecured loans | |
| Line of credit borrowings | $ 500,000 |
| Less: Long-term borrowings due within one year | 500,000 |
| Long-term borrowings | $ - |

The Company acquired new bank loans in February and September of 2023, amounting to $280,000 thousand and $220,000 thousand respectively. These loans are due in March and October 2024, with an annual interest rate of 1.795%.

## 19. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Notes payable and accounts payable (including related parties) were resulted from operating activities. The average credit period on purchases is 30 to 65 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Therefore, no interest was charged on the payables.

## 20. OTHER PAYABLES AND OTHER LIABILITIES

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current | | |
| Other payable | | |
| Payable for salaries or bonus | $ 100,928 | $ 101,311 |
| Payable for freight | 38,672 | 38,922 |
| Payable for remuneration to directors | 42,971 | 31,290 |
| Payable for remuneration to employees | 42,971 | 31,290 |
| Payable for promotion service fee | 40,064 | 26,635 |
| Payable for business tax | 17,122 | 23,027 |
| Payable for equipment | 11,194 | 10,336 |
| Payable for taxes | 9,002 | 17,658 |
| Payable for annual leave | 8,277 | 6,247 |
| Payable for utility bills | 7,631 | 7,958 |
| Others | 25,021 | 21,820 |
| | $ 343,853 | $ 316,494 |
| Other liabilities | | |
| Temporary receipts | $ 14,066 | $ 21,616 |
| Receipts in advance | 6,829 | - |
| Others | 54 | 58 |
| | $ 20,949 | $ 21,674 |

## 21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

In 2022, our company fully settled all employee retirement benefits and applied to the Bureau of Labor Insurance, MOL to close the pension fund. As of December 31, 2023, we are currently awaiting approval from the bureau to receive the remaining balance in the pension fund.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Present value of defined benefit obligation | $ - | $ - |
| Fair value of plan assets | ( 6,697) | ( 6,697) |
| Net defined benefit liability | ($ 6,697) | ($ 6,697) |

Movements in net defined benefit liability were as follows:

| | **Present Value of the Defined Benefit Obligation** | **Fair Value of the Plan Assets** | **Net Defined Benefit Liability** |
|---|---|---|---|
| Balance at January 1, 2022 | $ 223,889 | ($ 186,555 ) | $ 37,334 |
| Service cost | | | |
| Current service cost | 2,741 | - | 2,741 |
| Liquidation Benefit | ( 29,800 ) | ( 14,229 ) | ( 44,029 ) |
| Interest expenses (income) | 1,679 | ( 1,422 ) | 257 |
| Components of defined benefit costs recognized in profit or loss | ( 25,380 ) | ( 15,651 ) | ( 41,031 ) |
| Contributions from the employer | - | ( 3,000 ) | ( 3,000 ) |
| Settlement | ( 198,509 ) | 198,509 | - |
| Balance at December 31, 2022 | $ - | ($ 6,697 ) | ($ 6,697 ) |
| Balance at January 1 and December 31, 2023 | $ - | ($ 6,697 ) | ($ 6,697 ) |

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans for the Year Ended December 31, 2022 is as follows:

| | **Amount** |
|---|---|
| Operating costs | ( $ 25,369) |
| Selling and marketing expenses | ( 6,804) |
| General and administrative expenses | ( 7,415) |
| Research and development expenses | ( 1,443) |
| | ( $ 41,031) |

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposits with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the

return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

| | **December 31 2022** |
|---|---|
| Discount rate | 1.4% |
| Expected rate of salary increase | 4% |

## 22. EQUITY

a. Share capital

| | **December 31** | |
|---|---|---|
| | **2023** | **2022** |
| Number of shares authorized (thousands) | 1,000,000 | 1,000,000 |
| Capital stock authorized | $ 10,000,000 | $ 10,000,000 |
| Number of shares issued and fully paid (thousands) | 673,217 | 653,609 |
| Capital stock issued | $ 6,732,175 | $ 6,536,092 |

On June 16, 2023, the shareholders' meeting passed a resolution for the 2022 earnings distribution proposal of the Group, with the distribution of 19,608 thousand shares in stock dividends and par value NT$ 10 per share. The paid-in share capital following the capital increase attaining NT$6,732,175 thousand. The above capitalization of retained earnings was approved by the Securities and Futures Bureau of the Financial Supervisory Commission with effective registration on July 3, 2023, and with July 29, 2023 approved by a resolution of the Board of Directors as the capital increase record date.

b. Capital surplus

| | **December 31** | |
|---|---|---|
| | **2023** | **2022** |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note) | | |
| Treasury share transactions | $ 21,606 | $ 21,606 |
| Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. | 57,377 | 57,156 |
| May be used to offset a deficit only | | |
| Share of changes in capital surplus of associates | 22,260 | 22,260 |
| Overdue dividends not collected by shareholders | 22,476 | 22,477 |
| | $ 123,719 | $ 123,499 |

Note: 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 once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company makes profit in a fiscal year, the profit shall be first utilized to pay taxes, offset losses of previous years, set aside as legal reserve with 10% of the remaining profit, set aside or reverse a special reserve in accordance with the laws and regulations, and lastly, together with any undistributed retained earnings, serve as the basis of a distribution plan proposed by the Company's board of directors in accordance with the resolution of the shareholders' meeting pertaining to the distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 24-g.

According to the Company's Articles, dividends can be distributed by way of stock dividends and cash dividends. However, the ratio for stock dividend shall not exceed 50% of the total distribution unless the value of cash dividends is less than $ 0.5 per share. The distribution of dividends can be adjusted by shareholders based on the company's profit, capital status, and operating requirement.

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.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period and cumulative net increases in fair value measurement of investment properties from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of 2022 and 2021 earnings have been approved in the shareholders' meetings on June 16, 2023 and June 14, 2022, respectively. The appropriations and dividends per share were as follows:

| | 2022 | 2021 |
|---|---|---|
| Legal reserve | $ 204,243 | $ 108,808 |
| Cash dividends | $ 980,414 | $ 653,609 |
| Stock dividends | $ 196,083 | $ - |
| Cash dividends per share (NT$) | $ 1.5 | $ 1 |
| Stock dividends per share (NT$) | $ 0.3 | $ - |

The appropriation of earnings for 2023 had been proposed by the Company's board of directors on March 15, 2024. The appropriation and dividends per share were as follows:

| | 2023 |
|---|---|
| Legal reserve | $ 210,852 |
| Cash dividends | $ 1,211,791 |
| Stock dividends | $ 134,643 |
| Cash dividends per share (NT$) | $ 1.8 |
| Stock dividends per share (NT$) | $ 0.2 |

The appropriation of earnings for 2023 will subject to the resolution of the shareholders' meeting.

d. Special reserves

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| First-time adoption IFRSs | $ 3,185,793 | $ 3,185,793 |

Because the increase in the retained earnings caused by the first-time adoption of IFRSs was insufficient to be appropriated for provision, the Company had provided for special reserve based on the increase of the retained earnings, an adjustment that was recorded per company policy on first-time adoption.

e. Other equity items

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

| | For the year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | ( $ 799,476) | ( $ 945,843) |
| Share of exchange difference of associates accounted for using the equity method | ( 210,016) | 146,367 |
| Balance at December 31 | ( $ 1,009,492) | ( $ 799,476) |

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

| | For the year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 1,711,898 | $ 1,638,872 |
| Recognized for the year | | |
| Unrealized gain (loss) - equity instruments | ( 62,751) | 143,686 |
| Share from subsidiaries and associates accounted for using the equity method | 94,621 | ( 69,583) |
| Other comprehensive income/(loss) during the year | 31,870 | 74,103 |
| The cumulative profit or loss arising from the disposals of equity instruments is transferred to retained earnings. | ( 1,620) | ( 1,077) |
| Reclassification of equity instruments from associates accounted for using the equity method to retained Earnings | 859 | - |
| Balance at December 31 | $ 1,743,007 | $ 1,711,898 |

3) Remeasurement of defined benefit plans

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 89,394 | $ 69,720 |
| Share from associates accounted for using the equity method | 1,860 | 19,674 |
| Balance at December 31 | $ 91,254 | $ 89,394 |

4) Other equity items

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 and December 31 | $ (17,217) | $ (17,217) |

## 23. REVENUE

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | $ 6,007,860 | $ 5,710,196 |

a. Disaggregation of revenue

| | For the Year Ended December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Concrete | $ 4,087,151 | $ 3,952,238 |
| Cement | 844,195 | 800,911 |
| Gypsum Board panels | 1,053,982 | 934,356 |
| Other | 22,532 | 22,691 |
| | $ 6,007,860 | $ 5,710,196 |

b. Contract balances

| | December 31 | | January 1 |
|---|---|---|---|
| | **2023** | **2022** | **2022** |
| Notes and accounts receivable (Including related parties) | $ 1,658,020 | $ 1,661,417 | $ 1,432,859 |
| Contract assets - current | | | |
| Sale of goods | $ 1,850 | $ 2,198 | $ 3,181 |
| Less: Allowance for impairment loss | 370 | 439 | 636 |
| | 1,480 | 1,759 | 2,545 |
| Contract assets from related parties | | | |
| Sale of goods | - | 5,546 | 5,546 |
| Less: Allowance for impairment loss | - | 1,109 | 1,109 |
| | - | 4,437 | 4,437 |
| | $ 1,480 | $ 6,196 | $ 6,982 |
| Contract liabilities - current | | | |
| Sale of goods | $ 530 | $ 240 | $ 1,224 |

In accordance with the terms of the contract, the customers retain a portion of contract price and the Company recognized the amount as contract assets before completing the contractual obligations. The Company considers the historical expected loss rates and the state of the industry in estimating expected loss.

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Expected credit loss rate | 20% | 20% |
| Gross carrying amount of retention receivable | $ 1,850 | $ 7,744 |
| Allowance for impairment loss (Lifetime ECLs) | ( 370 ) | ( 1,548 ) |
| | $ 1,480 | $ 6,196 |

## 24. PROFIT BEFORE INCOME TAX

a. Interest income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Bank deposits | $ 2,299 | $ 571 |
| Related parties loans | 2,734 | 1,178 |
| Others | - | 26 |
| | $ 5,033 | $ 1,775 |

b. Other income

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Dividend income | $ 178,687 | $ 193,444 |
| Remuneration of directors | 18,235 | 7,624 |
| Rental income - investment properties (Note 16) | 13,734 | 15,419 |
| Others | 7,949 | 7,729 |
| | $ 218,605 | $ 224,216 |

c. Other gains and losses

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Net foreign exchange gains | $ 518 | $ 2,548 |
| Gain on disposal of property, plant and equipment | 525 | 3,950 |
| Gain on disposal of investment property interests | - | 107,131 |
| Gain (Loss) in financial assets | | |
| Financial assets mandatorily classified as at FVTPL | 721 | 669 |
| Gain on disposal of associates | - | 373,540 |
| Impairment loss | ( 116,111) | ( 274,161) |
| Development and design expenses | - | ( 5,143) |
| Others | ( 2,712) | ( 4,554) |
| | ( $ 117,059) | ( $ 203,980) |

d. Interest expense

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Interest on loans | $ 48,091 | $ 34,678 |
| Interest on lease liabilities | 491 | 356 |
| | $ 48,582 | $ 35,034 |

e. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Property, plant and equipment | $ 114,656 | $ 109,488 |
| Right-of-use assets | 11,244 | 13,536 |
| Investment properties | 567 | 567 |
| Intangible assets | 3,626 | 2,415 |
| | $ 130,093 | $ 126,006 |

(Continued)

| | 2023 | 2022 |
|---|---|---|
| An analysis of depreciation - by function | | |
| Operating costs | $ 96,774 | $ 95,036 |
| Operating expenses | 29,126 | 27,988 |
| Others (as non-operating income and expense) | 567 | 567 |
| | $ 126,467 | $ 123,591 |
| | | |
| An analysis of amortization - by function | | |
| Operating costs | $ 572 | $ 378 |
| Operating expenses | 3,054 | 2,037 |
| | $ 3,626 | $ 2,415 |

f. Employee benefits expense

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Short-term benefits | | |
| Salaries | $ 444,832 | $ 417,440 |
| Labor and health insurance | 42,690 | 38,682 |
| Others | 65,131 | 50,570 |
| | 552,653 | 506,692 |
| Post-employment benefits | | |
| Defined contribution plans | 20,042 | 17,086 |
| Defined benefit plans (Note 21) | - | (41,031) |
| | 20,042 | (23,945) |
| | $ 572,695 | $ 482,747 |

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| An analysis of employee benefits expense - by function | | |
| Operating costs | $ 349,042 | $ 301,763 |
| Operating expenses | 223,653 | 180,984 |
| | $ 572,695 | $ 482,747 |

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the year ended December 31, 2023 and 2022 have been approved on March 15, 2024 and March 16, 2023 respectively as follows:

Accrual rate

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Employees' compensation | 1.8% | 1.37% |
| Remuneration of directors | 1.8% | 1.37% |

Amount

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Employees' compensation | $ 42,971 | $ 31,290 |
| Remuneration of directors | $ 42,971 | $ 31,290 |

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences will be recognized in the next year as a change in accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the year ended December 31, 2022 and 2021.

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

## 25. INCOME TAX

a. Major components of tax expense recognized in profit or loss

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current tax | | |
| In respect of the current year | $ 170,697 | $ 155,275 |
| Income tax on unappropriated earnings | 25,818 | 11,814 |
| Adjustments for prior years | ( 5,359 ) | 1,105 |
| | 191,156 | 168,194 |
| Deferred tax | | |
| In respect of the current year | ( 3,246 ) | 5,445 |
| | $ 187,910 | $ 173,639 |

A reconciliation of accounting profit and income tax expenses is as follows:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Profit before tax | $ 2,295,668 | $ 2,215,034 |
| | | |
| Income tax expense calculated at the statutory rate | $ 459,133 | $ 443,006 |
| Non-deductible expenses (income) in determining taxable income | ( 279,063 ) | ( 283,263 ) |
| Tax-exempt income | ( 35,737 ) | ( 56,883 ) |
| Temporary difference | 23,118 | 54,210 |
| Land value increment tax | - | 3,650 |
| Income tax on unappropriated earnings | 25,818 | 11,814 |
| Adjustments for prior years' tax | ( 5,359 ) | 1,105 |
| | $ 187,910 | $ 173,639 |

b. Current tax liabilities

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Current tax liabilities | | |
| Income tax payable | $ 121,251 | $ 112,632 |

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year of 2023

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| Deferred Tax Assets | | | | |
| Temporary differences | | | | |
| Unrealized exchange losses | $ - | $ 160 | $ - | $ 160 |
| Unrealized payable promotion expenses | 5,327 | 2,686 | - | 8,013 |
| Defined benefit obligation | 5,545 | - | - | 5,545 |
| Others | 379 | ( 217 ) | - | 162 |
| | $ 11,251 | $ 2,629 | $ - | $ 13,880 |
| Deferred Tax Liabilities | | | | |
| Temporary differences | | | | |
| Land value increment tax | $ 1,081,490 | $ - | $ - | $ 1,081,490 |
| Defined benefit obligation | 6,884 | - | - | 6,884 |
| Unrealized exchange gains | 617 | ( 617 ) | - | - |
| | $ 1,088,991 | ( $ 617 ) | $ - | $ 1,088,374 |

For the year of 2022

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|---|---|---|---|
| Deferred Tax Assets | | | | |
| Temporary differences | | | | |
| Unrealized exchange losses | $ 98 | ( $ 98 ) | $ - | $ - |
| Unrealized payable promotion expenses | 2,076 | 3,251 | - | 5,327 |
| Defined benefit obligation | 14,351 | ( 8,806 ) | - | 5,545 |
| Others | 177 | 202 | - | 379 |
| | $ 16,702 | ( $ 5,451 ) | $ - | $ 11,251 |
| Deferred Tax Liabilities | | | | |
| Temporary differences | | | | |
| Land value increment tax | $ 1,082,113 | ( $ 623 ) | $ - | $ 1,081,490 |
| Defined benefit obligation | 6,884 | - | - | 6,884 |
| Unrealized exchange gains | - | 617 | - | 617 |
| | $ 1,088,997 | ( $ 6 ) | $ - | $ 1,088,991 |

e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the balance sheets.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Deductible temporary differences | | |
| Losses of Inventory valuation and obsolescence | $ 34,027 | $ 34,027 |
| Impairment losses on assets | 671,469 | 555,539 |
| | $ 705,496 | $ 589,386 |

g. Income tax examinations

The tax returns of the Company through 2021 have been assessed by the tax authorities.

## 26. EARNINGS PER SHARE

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. The date is on July 29, 2023. The basic and diluted earnings per share from January 1 to December 31, 2022 were adjusted retrospectively were as follows:

**Unit: NT$ Per Share**

| | Before Retrospective Adjustment | After Retrospective Adjustment |
|---|---|---|
| Basic earnings per share | $ 3.12 | $ 3.03 |
| Diluted earnings per share | $ 3.11 | $ 3.02 |

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

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Net Profit for the Year | $ 2,107,758 | $ 2,041,395 |

Number of shares

**Unit: Thousand shares**

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Weighted average number of ordinary shares in computation of basic earnings per share | 673,217 | 673,217 |
| Effect of potentially dilutive ordinary shares: | | |
| Employees' compensation | 1,801 | 1,747 |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | 675,018 | 674,964 |

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were 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.

## 27. ACQUISITION OF SUBSIDIARIES

The Company originally held an equity interest in Tainan Concrete Industrial Corporation, which was accounted for using the equity method as an associate. However, in March 2022, the Company acquired additional shares in Tainan Concrete for a cash consideration of $22,080 thousand, increasing its ownership interest from 48.75% to 51.95% (which has since increased to 67.45% as of December 31, 2022). With majority voting rights and control obtained, Tainan Concrete is now considered a subsidiary of the Company. The gains on disposal of associates by using equity method were $373,540 thousand. For further details, please refer to Note 28 of the Company's consolidated financial statements for the year ended 2023.

## 28. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

In November 2023 and from May to July 2023, the Group acquired shares held by the non-controlling interest of Universal Concrete Industrial Corporation and Tainan Concrete Industrial Corporation, respectively. And its shareholding increased from 58.12% to 58.18% and from 51.95% to 67.45%, respectively.

The above transactions were accounted for as equity transactions since there was no change in the Corporation’s control over these subsidiaries. Refer to the note 29 of the consolidated financial statements for the year ended December 31, 2022 for the disclosures of equity movements of subsidiaries.

## 29. CASH FLOWS INFORMATION

Cash used in obtaining property, plant and equipment by the Company during 2023 and 2022 was as below:

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Increase in property, plant and equipment | $ 165,768 | $ 83,288 |
| Increase (decrease) in payables on equipment | ( 858 ) | 3,576 |
| Increase in prepaid on equipment | 15,427 | 6,744 |
| Total cash paid | $ 180,337 | $ 93,608 |

## 30. CAPITAL MANAGEMENT

The Company requires significant amounts of capital to build and expand its production facilities and equipment. The Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources for working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing and future operations.

## 31. FINANCIAL INSTRUMENTS

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

The Company believes that the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, accounts receivable, financial assets at amortized cost, short-term loans, short-term bills payable, accounts payable, long-term borrowings due within one year, and guarantee deposits received, recognized in the financial statements approximate their fair value.

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

1) Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Listed shares | $ 4,661 | $ - | $ - | $ 4,661 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed shares | $ 2,262,037 | $ 349,700 | $ - | $ 2,611,737 |
| Unlisted shares | - | - | 1,258,877 | 1,258,877 |
| | $ 2,262,037 | $ 349,700 | $ 1,258,877 | $ 3,870,614 |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at FVTPL | | | | |
| Listed shares | $ 7,535 | $ - | $ - | $ 7,535 |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Listed shares | $ 1,858,020 | $ 301,600 | $ - | $ 2,159,620 |
| Unlisted shares | - | - | 1,775,212 | 1,775,212 |
| | $ 1,858,020 | $ 301,600 | $ 1,775,212 | $ 3,934,832 |

There were no transfers between Level 1 and 2 in 2022 and 2023.

2) Adjustments for financial instruments measured using level 3 fair value

Financial assets at fair value through other comprehensive income.

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Balance at January 1 | $ 1,775,212 | $ 1,438,886 |
| Recognized in other comprehensive income (unrealized valuation gain or loss on financial assets at fair value through other comprehensive income) | ( 514,868 ) | 336,326 |
| Recognized in income (dividend income) | 11,746 | - |
| Return of capital from reduction of share capital | ( 13,213 ) | - |
| Balance at December 31 | $ 1,258,877 | $ 1,775,212 |

3) Input and measurement technique of Level 2 fair value measurement.

| Category of financial instrument | Measurement technique and input value |
|---|---|
| Investment of Equity Instrument | Purchase of stock via private offering which is subject to a three-year-lock-up period. In light of the impact on the target to be measured due to the restriction of transaction, a discount is imposed to reflect the restricted liquidity of the stock. The target to be measure is the stock of a public listed company. The Closing price at the day of measurement was adopted as the fair value of an unrestricted stock price. The fair value of the restricted stock price is then derived via the Black-Scholes model. |

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

The fair values of unlisted equity securities in ROC was estimated by the marketing valuation method. This method is based on the industry category, evaluation and operations of similar companies, or the net equity of the companies.

c. Categories of financial instruments

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Financial assets | | |
| Measured at fair value through profit or loss – mandatory measured at fair value through profit or loss | $ 4,661 | $ 7,535 |
| Financial assets at amortized cost (Note 1) | 1,882,812 | 2,194,020 |
| Financial assets at FVTOCI – Equity instruments | 3,870,614 | 3,934,832 |
| | | |
| Financial liabilities | | |
| Financial liabilities at amortized cost (Note 2) | 3,378,388 | 3,991,188 |

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, contract assets (including related parties), notes and accounts receivable (including related parties), other receivables, and financial assets at amortized cost (current and non-current).

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables, long-term borrowings due within one year and bonds payable and guarantee deposits received.

d. Financial Risk Management Objectives and Policies

The Company’s major financial instruments include equity investments, accounts receivable, accounts payables, loans and lease liabilities. The financial management department of the Company provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company’s activities exposed it primarily to the financial risks of changes in interest rate risk (see (a) below) and other price risk (see (b) below).

a) Interest rate risk

The Company was exposed to interest rate risk arising from short-term borrowing at New Taiwan dollar (NTD) market rates of overweight interest rates. Due to lower NTD borrowing rates and small borrowing position, the interest rate sensitivity is lower, and the interest rate risk is little risk to the Company.

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

| | December 31 | |
|---|---|---|
| | **2023** | **2022** |
| Fair value interest rate risk | | |
| Financial assets | $ 37,087 | $ 36,969 |
| Financial liabilities | 292,953 | 858,018 |
| Cash flow interest rate risk | | |
| Financial assets | 162,808 | 241,573 |
| Financial liabilities | 2,110,000 | 2,210,000 |

b) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company’s equity price risk was mainly concentrated on equity instruments operating in shares and open-end mutual funds quoted in the Taiwan Stock Exchange. In addition, the Company will evaluate the price by the closing price of the equity investments every month.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices of domestic listed equity securities (excluding private placement), which was hold by the Group calculated by $ 2,262,037 thousand and $ 1,858,020 thousand, had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2023 and 2022 would have increased/decreased by $ 22,620 thousand and $ 18,580 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Financial assets are exposed to the potential effects of outstanding contracts between the Company and its counterparty or other parties. Such effects include the credit risk concentration, components, contractual amounts, and other receivables of financial products engaged by the Company.

As at the end of the reporting period, the Company’s maximum exposure to credit risk is due to the failure of counterparties to discharge an obligation, which is from the carrying amount of financial assets are recognized from independent financial reports.

In addition to the following paragraph, the main customers of its credit are good, and the Company will regularly annually review the customer’s credit status, appropriately adjust the of credit line, and will require customers to provide the necessary guarantees or trade by cash in special situation. The sales department through an external peer visits to understand customer’s credit status. The customers mentioned above, was no significant credit risk exposure.

Part of the concrete customers of the Company is individuals and small-scale enterprises, except for a few large customers are concrete construction companies, industry characteristics resulting in some small-scale enterprises. In addition to using credit limit controls to reduce credit risks and the relevant proceedings to protect their claims, the Company has set adequate allowance for bad debts for higher credit risk customers in accordance with company policy. The credit risk arising from its maximum possible amount is disclosed in the Note 11.

The Company has no significant concentration of credit risk.
As of 31 December 2023 and 2022, the maximum exposure of the Company for engaging in endorsement/guarantee was NT$130,000 thousand and NT$230,000 thousand, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

| | **On Demand or Less than 3 Month** | **3 Months to 1 Year** | **1 Year to 5 Year** | **6 Year to 10 Year** |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Non-interest bearing | $ 1,023,384 | $ - | $ 10,117 | $ - |
| Lease liabilities | 3,196 | 9,068 | 40,494 | 6,801 |
| Variable interest rate liabilities | 1,896,386 | 223,213 | - | - |
| Fixed interest rate liabilities | 235,000 | - | - | - |
| Guaranteed liabilities | 130,000 | - | - | - |
| | $ 3,287,966 | $ 232,281 | $ 50,611 | $ 6,801 |

December 31, 2022

| | On Demand or Less than 3 Month | 3 Months to 1 Year | 1 Year to 5 Year | 6 Year to 10 Year |
|---|---|---|---|---|
| Non-derivative financial liabilities | | | | |
| Non-interest bearing | $ 973,565 | $ - | $ 8,362 | $ - |
| Lease liabilities | 2,810 | 8,255 | 35,088 | 14,272 |
| Variable interest rate liabilities | 2,219,702 | - | - | - |
| Fixed interest rate liabilities | 800,000 | - | - | - |
| Guaranteed liabilities | 230,000 | - | - | - |
| | $ 4,226,077 | $ 8,255 | $ 43,450 | $ 14,272 |

The amount included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

Loan is an important resource of liquidity for the Company. As of December 31, 2023 and 2022, the short-term unsecured line of credit is $3,128,876 thousand, and $2,194,609 thousand, respectively.

## 32. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in other notes, details of transactions between the Company and other related parties are disclosed below.

a. Name and relationship of related party

| Related Party Name | Relationships of the Company |
|---|---|
| CHC Resources Corp. | The Company acts as key management |
| Universal Construction Corp. | The Company acts as key management |
| Sheng yuan Investment Corp. | The key management of the Company |
| Bo-Chih Investment Co., Ltd. | The key management of the Company (b) |
| Yu-Sheng Investment Corp. | The key management of the Company |
| Pan Asia Corporation | Subsidiary acts as juristic supervisor |
| PAO GOOD INDUSTRIAL CO., LTD. | Other related parties |
| Tainan Concrete Industrial Corp. | Associates (a) |
| Chiayi Concrete Industrial Corp. | subsidiary corporation |
| Universal Concrete Industrial Corp. | subsidiary corporation |
| Kaohsiung Harbor Transport Company. | subsidiary corporation |
| Uneo Incorporated | subsidiary corporation |
| Universal Investment Corp. | subsidiary corporation |

a) The subsidiary of our company since March 2022.
b) The chairman of our company since June 2023.

b. Sales of goods

| Account Items | Related Parties Category | For the Year Ended December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Sales revenue | The Company acts as key management | $ 99,420 | $ 85,523 |
| | Subsidiary serves as supervisor | 139,405 | 65,968 |
| | Subsidiaries | 22,532 | 22,692 |
| | | $ 261,357 | $ 174,183 |

The prices and terms to related parties were not significantly different from transaction with third parties. The credit terms were 1 to 3 months.

c. Purchase of goods

| Related Parties Category | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Company acts as key management | $ 263,138 | $ 238,692 |
| Other related parties | 9,269 | 11,950 |
| | $ 272,407 | $ 250,642 |

The purchased of goods are mainly blast furnace slag and fly ash. The prices and terms to related parties were not significantly different from transaction with third parties. The credit terms were 30 to 65 days.

d. Contract assets-December 31, 2022

| Related Party Category / Name | Amount |
|---|---|
| Subsidiary serves as supervisor | |
| Pan Asia Corp. | $ 5,546 |
| Less: Allowance for impairment loss | 1,109 |
| | $ 4,437 |

e. Receivables from related parties (Excluding contract assets)

| Account Items | Related Parties Category / Name | December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Accounts receivable - related parties | Subsidiary serves as supervisor | $ 47,430 | $ 31,534 |
| | The Company acts as key management | 11,422 | 10,183 |
| | Subsidiaries | 1,818 | 3,293 |
| | Less: Allowance for impairment loss | 102 | 33 |
| | | $ 60,568 | $ 44,977 |
| Other receivables | Subsidiaries | $ - | $ 270 |
| | Associates (Note) | - | 580 |
| | | $ - | $ 850 |

Note：The subsidiary of our company since March 2022.

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

| Account Items | Related Parties Category | December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Accounts payable - related parties | The Company acts as key management | $ 23,183 | $ 31,285 |
| | Subsidiaries | 16,551 | 13,381 |
| | other related parties | 1,809 | 2,622 |
| | | $ 41,543 | $ 47,288 |
| Accounts payable | Subsidiaries | $ 18,047 | $ 17,828 |

The outstanding accounts payables from related parties are unsecured and would be paid in cash.

g. Lease arrangements - Company is lessee

The Company leased the concrete plant for business use from Associates.

| Line Item | Related Party Category | December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Lease liabilities | Subsidiaries | $ 1,165 | $ 265 |

| Line Item | Related Party Category | For the Year Ended December 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Interest expense | Associates (Note) | $ - | $ 126 |
| | Subsidiaries | 5 | 4 |
| | | $ 5 | $ 130 |

Note：The subsidiary of our company since March 2022.

The Company leased lands and buildings from related parties. The rental prices are determined with reference to the market standards and rentals payable monthly.

h. Lease arrangements - Company is lessor

The Company leased its office building, plant, machinery and equipment to related parties under operating leases for a term of 1 to 2 years. The rental prices are determined with reference to the market standards and charged on a monthly basis.

Total lease payment to be collected in the future is summarized as follows:

| Category of the related | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Company acts as key management | $ 3,207 | $ 3,207 |
| The key management of the Company | 46 | 137 |
| The chairman of our company | 23 | - |
| Subsidiaries | 848 | 605 |
| | $ 4,124 | $ 3,949 |

Total lease revenue is summarized as follows:

| Related Party Category / Name | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| The Company acts as key management | $ 5,498 | $ 5,498 |
| The key management of the Company | 57 | 69 |
| The chairman of our company | 12 | - |
| Subsidiaries | 748 | 432 |
| | $ 6,315 | $ 5,999 |

i. Loan to related parties

| Line Item | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Other receivables | | |
| Tainan Concrete Industrial Corp. | $ - | $ 220,500 |

| Line Item | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Interest income | | |
| Universal Concrete Industrial Corp. | $ - | $ 83 |
| Universal Investment Corp. | $ - | $ 515 |
| Tainan Concrete Industrial Corp. | $ 2,734 | $ 580 |

The Company provided an short-term loan to its subsidiary, interests accrued at 1.858%~2% and 1.3%~2% based on the actual utilization amount during 2023 and 2022, and the settlement shall be made in a lump-sum upon expiry.

The loan to the subsidiary Universal Concrete Industrial Corp is secured by collateral land and building, and to the subsidiaries Universal Investment Corp and Tainan Concrete Industrial Corp. are both an unsecured loan.

j. Endorsement/guarantee

Endorsement/guarantee to others

The endorsement/guarantee amount provided by the Company for bank facilities of associates is as follows:

| Category/name of associates | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | | |
| Universal Concrete Industrial Corp. | $ 120,000 | $ 120,000 |
| Universal Investment Corp. | 350,000 | 400,000 |
| Uneo Incorporated | 50,000 | 50,000 |
| | $ 520,000 | $ 570,000 |

Endorsement/guarantee acquired

The endorsement/guarantee amount provided by subsidiaries for the Company to undertake constructions according to contractual requirements is as follows:

| Category/name of associates | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiaries | | |
| Kaohsiung Wharf Transportation Company | $ 319,928 | $ 319,928 |
| Universal Investment Corp. | 443,909 | 443,909 |
| Universal Concrete Industrial Corp. | 157,561 | 157,561 |
| | $ 921,398 | $ 921,398 |

k. Other transactions with related parties

1) Freight expense

| Line item | Category/name of associates | For the Year Ended December 31 | |
|---|---|---|---|
| | | 2023 | 2023 |
| Cost of sales – freight expenses | Subsidiary Kaohsiung Wharf Transportation | $ 228,506 | $ 243,739 |
| Cost of marketing – freight xpenses | Subsidiaries Kaohsiung Wharf Transportation | $ 15,135 | $ 14,088 |

Regarding the freight transactions between the Company and its related parties, the prices are established according to the prices agreed by both parties, equivalent to that of the general suppliers.

The Company's payment term for freight to related parties is approximately 45 to 60 days, equivalent to that of the general suppliers.

2) Management service income

| Category/name of associates | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Subsidiary | $ 15,122 | $ 15,627 |

The Company receives management service income from subsidiaries for employee dispatch and transfer, which is accounted for as a deduction item of salary expenses.

l. Compensation of key management personnel

| | For the Year Ended December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Short-term employee benefits | $ 31,440 | $ 37,853 |
| Post-employment benefits | 599 | 482 |
| | $ 32,039 | $ 38,335 |

The remuneration of directors and key executives was determined by the remuneration committee according to the performance of individuals and market trends.

## 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for engineering performance bond.

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Pledged time deposits | | |
| Current | $ 67 | $ 67 |
| Non-current | 2,500 | - |
| | $ 2,567 | $ 67 |

## 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company on the date of balance sheets were as follows:

a. Unrecognized commitments are as follows:

| | December 31 | |
|---|---|---|
| | 2023 | 2022 |
| Acquisition of property, plant and equipment | $ 70,912 | $ 93,003 |

b. As of December 31, 2023 and 2022, the promissory notes were $ 115,806 thousand and $ 139,493 thousand, respectively. These notes were provided as engineering performance bond, which could be refunded when the guarantee is terminated.

c. As of December 31, 2023 and 2022, unused letters of credit for purchase of raw materials amounting to $26,124 thousand and $5,391 thousand.

## 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Company's functional currency and the exchange rates between foreign currencies and respective functional currency were disclosed. The significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

| Financial Assets | Foreign Currencies (In Thousand) | Exchange Rate | Carrying Amount (In Thousand) |
|---|---|---|---|
| Monetary items | | | |
| USD | $ 966 | 30.705 | $ 29,663 |
| RMB | 916 | 4.33 | 3,962 |
| EUR | 97 | 33.98 | 3,295 |

December 31, 2022

| Financial Assets | Foreign Currencies (In Thousand) | Exchange Rate | Carrying Amount (In Thousand) |
|---|---|---|---|
| Monetary items | | | |
| USD | $ 1,095 | 30.71 | $ 33,639 |
| RMB | 903 | 4.41 | 3,979 |
| EUR | 153 | 32.72 | 5,006 |

The exchange rate gains and losses of foreign currencies with significance (including realized and non-realized) are summarized as follows:

| Foreign Currencies | For the Year Ended December 31, 2023 Exchange Rate | For the Year Ended December 31, 2023 Net Foreign Exchange Gain and Loss | For the Year Ended December 31, 2022 Exchange Rate | For the Year Ended December 31, 2022 Net Foreign Exchange Gain and Loss |
|---|---|---|---|---|
| USD | 30.705 (USD:NTD) | $ 304 | 30.71 (USD:NTD) | $ 2,038 |
| RMB | 4.33 (RMB:NTD) | ( 73 ) | 4.41 (RMB:NTD) | 58 |
| JPY | 0.22 (JPY:NTD) | ( 1 ) | 0.23 (JPY:NTD) | ( 20 ) |
| HKD | 3.93 (HKD:NTD) | 10 | 3.94 (HKD:NTD) | 87 |
| EUR | 33.98 (EUR:NTD) | 7 | 32.72 (EUR:NTD) | 42 |
| SGD | 23.29 (SGD:NTD) | 271 | 22.88 (SGD:NTD) | 343 |
| | | $ 518 | | $ 2,548 |

## 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 investment in subsidiaries and associates). (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$ 300 million or 20% of the paid-in capital. (N/A)

5) Acquisition of individual real estate at cost of at least NT$ 300 million or 20% of the paid-in capital. (N/A)

6) Disposal of individual real estate at a price of at least NT$ 300 million or 20% of the paid-in capital. (Table 4)

7) Total purchases from or sales to related parties amounting to at least NT$ 100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$ 100 million or 20% of the paid-in capital. (N/A)

9) Trading in derivative instruments. (N/A)

b. Related information on investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee and investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment from the mainland China area. (N/A)

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: (N/A)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: (N/A)

c) The amount of property transactions and the amount of the resultant gains or losses: (N/A)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: (N/A)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: (N/A)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: (N/A)

d. Information on major shareholders: name, number and percentage of shareholding of shareholders with ownership achieving 5% and above. (Table 7)

TABLE 1

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| No. (Note 1) | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the period | Ending Balance | Actual Borrowing Amount | Interest Rate (%) | Nature for Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limits for Each Borrower (Note 2) | Aggregate Financing Limits (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | Universal Investment Corporation | Other receivables | Yes | $ 800,000 | $ 800,000 | $ - | 1.880 | For short-term financing | $ - | Operating capital | $ - | None | $ - | $ 8,747,673 | $ 8,747,673 |
| 0 | The Company | Uneo Incorporated | Other receivables | Yes | 100,000 | 100,000 | - | 1.880 | For short-term financing | - | Operating capital | - | None | | 8,747,673 | 8,747,673 |
| 0 | The Company | Universal Concrete Industrial Corporation | Other receivables | Yes | 300,000 | 300,000 | - | 1.880 | For short-term financing | - | Operating capital | - | Land and Plant | 300,000 | 8,747,673 | 8,747,673 |
| 0 | The Company | Tainan Concrete Industrial Corp. | Other receivables | Yes | 300,000 | 300,000 | - | 1.880 | For short-term financing | - | Operating capital | - | None | | 8,747,673 | 8,747,673 |
| 0 | Universal Investment Corp. | Tainan Concrete Industrial Corp. | Other receivables | Yes | 250,000 | 250,000 | - | 2.045 | For short-term financing | - | Operating capital | - | None | - | 434,942 | 434,942 |

Note 1: a: “0” is the Company.
b: Subsidiaries are numbered from “1”.

Note 2: The upper limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements; The upper limit for a subsidiary to a single enterprise is 40% of the net value of the subsidiary's most recent financial statements that have been audited (reviewed) by an accountant..

Note 3: The aggregate limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements; The aggregate limit for a subsidiary to a single enterprise is 40% of the net value of the subsidiary's most recent financial statements that have been audited (reviewed) by an accountant.

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# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| No. (Note 1) | Endorser / Guarantor | Endorsee / Guarantee | | Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3) | Maximum Amount Endorsed / Guaranteed During the Period | Outstanding Endorsement / Guarantee at the End of the Period (Note 6) | Actual Borrowing Amount | Amount Endorsed / Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 4 , Note 5, Note 7) | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship (Note 2) | | | | | | | | | | |
| 0 | The Company | Universal Concrete Industrial Corporation | (1) | $ 132,329 | $ 120,000 | $ 120,000 | $ - | $ - | 1 | $ 21,869,182 | Y | N | N |
| | | Universal Investment Corporation | (1) | 750,000 | 400,000 | 350,000 | 130,000 | - | 2 | 21,869,182 | Y | N | N |
| | | Uneo Incorporated | (1) | 60,000 | 50,000 | 50,000 | - | - | - | 21,869,182 | Y | N | N |
| 1 | Kaohsiung Harbor Transport Company | Universal Concrete Industrial Corporation | (3) | 490,730 | 306,992 | 306,992 | - | - | 313 | 981,458 | N | N | N |
| | | The Company | (2) | 490,730 | 319,928 | 319,928 | - | - | 326 | 981,458 | N | Y | N |
| 2 | Universal Investment Corporation | Universal Concrete Industrial Corporation | (3) | 4,366,566 | 122,521 | 122,521 | - | - | 14 | 8,733,131 | N | N | N |
| | | The Company | (2) | 4,366,566 | 443,909 | 443,909 | - | - | 51 | 8,733,131 | N | Y | N |
| 3 | Universal Concrete Industrial Corporation | The Company | (2) | 574,944 | 157,561 | 157,561 | - | - | 27 | 574,944 | N | Y | N |

Note 1: a: “0” is the Company.
b: Subsidiaries are numbered from “1”.

Note 2: (1) The endorser / guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed / guaranteed subsidiary.
(2) The endorser / guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed / guaranteed company.
(3) The endorsed / guaranteed company owns directly and indirectly more than 50% voting shares of the endorser / guarantor parent company.

Note 3: The upper limit for the Company is equivalent to the capital of the endorsee; the upper limit for subsidiaries is equivalent to the net asset value of the subsidiaries as stated in its latest financial statements except that it is five times of the net asset value of Kaohsiung Harbor Transport Company and Universal Investment Corporation.

Note 4: The upper limit for the Company is equivalent to the net asset value of the Company.

Note 5: The upper limit for the subsidiary is equivalent to the net asset value of the subsidiary as stated in its latest financial statements, unless the Company or other subsidiaries give more guarantee.

Note 6: The limits were approved by the board of directors.

Note 7: The upper limit for the subsidiary is equivalent to ten times of the net asset value of the subsidiary as stated in its latest financial statements.

TABLE 3

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/ Units | Carrying Value | Percentage of Ownership (%) | Fair Value Or Net Equity | |
| The Company | Listed shares | | | | | | | |
| | Prince Housing & Development Corp. | The juristic director of the Company acts as juristic director | Financial assets at FVTOCI - current | 40,621,948 | $ 450,904 | 2.50 | $ 450,904 | |
| | CTBC Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - current | 28,441,983 | 806,330 | 0.14 | 806,330 | |
| | Far EasTone Telecommunications Co., Ltd. | - | Financial assets at FVTOCI - current | 306,219 | 24,436 | 0.01 | 24,436 | |
| | CHC Resources Co., Ltd. | The Company acts as juristic director | Financial assets at FVTOCI - current | 17,020,254 | 980,367 | 6.85 | 980,367 | |
| | Creative Sensor Inc. | Representative of the juristic director of the Company acts as the representative of juristic director | Financial assets at FVTPL - current | 158,000 | 4,661 | 0.11 | 4,661 | |
| | Privately offered shares | | | | | | | |
| | Creative Sensor Inc. | Representative of the juristic director of the Company acts as the representative of juristic director | Financial assets at FVTOCI - non - current | 13,000,000 | 349,700 | 8.72 | 349,700 | |
| | Unlisted shares | | | | | | | |
| | Grand Bills Finance Co., Ltd. | The Company acts as juristic director | Financial assets at FVTOCI - non - current | 43,999,488 | 548,673 | 8.14 | 548,673 | |
| | Universal Cement Development Co., Ltd. | The Company acts as juristic director | Financial assets at FVTOCI - non - current | 24,864,000 | 598,228 | 16.44 | 598,228 | |
| | Universal Venture Capital Co., Ltd. | - | Financial assets at FVTOCI - non - current | 1,400,000 | 14,990 | 1.16 | 14,990 | |
| | CTBC Investments Corp. | - | Financial assets at FVTOCI - non - current | 1,981,995 | 84,700 | 1.05 | 84,700 | |
| | Kaohsiung Rapid Transit Corp. | - | Financial assets at FVTOCI - non - current | 1,286,063 | 12,286 | 0.46 | 12,286 | |
| | Jie-Ho Development Co., Ltd. | - | Financial assets at FVTOCI - non - current | 171,131 | - | 0.16 | - | |
| | Huan Rong Hsin Resource Technology Corp. | - | Financial assets at FVTOCI - non - current | 600,000 | - | 30.00 | - | |
| Universal Investment Corporation | Mutual funds | | | | | | | |
| | Cathay No. 2 Real Estate Investment Trust | - | Financial assets at FVTPL - current | 24,000 | 394 | - | 394 | |
| | Listed shares | | | | | | | |
| | Prince Housing & Development Corp. | The juristic director of the Company acts as juristic director | Financial assets at FVTOCI - current | 38,526,900 | 427,649 | 2.37 | 427,648 | |
| | Tainan Spinning Co., Ltd. | The juristic director of the Company acts as juristic director | Financial assets at FVTOCI - current | 55 | 1 | - | 1 | |
| | Teco Image Systems Co., Ltd. | - | Financial assets at FVTPL - current | 523,000 | 8,917 | 0.46 | 8,917 | |
| | Privately offered shares | | | | | | | |
| | Creative Sensor Inc. | Representative of the juristic director of the Company acts as the representative of juristic director | Financial assets at FVTOCI - non - current | 9,000,000 | 242,100 | 6.04 | 242,100 | |

TABLE 3

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2023 | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/ Units | Carrying Value | Percentage of Ownership (%) | Fair Value Or Net Equity | |
| Tainan Concrete Industrial Corporation | Unlisted shares | | | | | | | |
| | Pan Asia (Engineers & Constructors) Corporation. | Subsidiary of the Company acts as juristic supervisor | Financial assets at FVTOCI - non-current | 3,102,803 | 83,993 | 2.71 | 83,993 | |
| | Da Jen Venture Capital Co., Ltd. | Representative of the juristic director of the Company acts as director | Financial assets at FVTOCI - non-current | 673,200 | 16,303 | 8.06 | 16,303 | |
| | DarChan Venture Capital Co., Ltd. | Representative of the juristic director of the Company acts as supervisor | Financial assets at FVTOCI - non-current | 4,000,000 | 40,031 | 3.64 | 40,031 | |
| | Limited partnership | | | | | | | |
| | Taiwania Capital Buffalo Fund V, LP. | - | Financial assets at FVTPL - non-current | - | 47,559 | 3.23 | 47,559 | |
| | Listed shares | | | | | | | |
| | CTBC Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - current | 60,000 | 1,704 | - | 1,704 | |
| | preferred stock C of CTBC Financial Holding Co., Ltd. | - | Financial assets at FVTOCI - current | 2,987 | 177 | - | 177 | |

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEARS ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Seller | Property | Event Date | Original Acquisition Date | Carrying Amount | Transaction Amount | Collection | Gain (Loss) on Disposal | Counterparty | Relationship | Purpose of Disposal | Price Reference | Other Terms |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tainan Concrete Industrial Corporation. | Land: No. 2972-1 and 2984-1, Yancheng Section, Nan District, Tainan City. | 2023.03.15 | 1977.02.15 and 1980.11.10 | $ 444,653 (Note) | $ 1,122,830 | the payment terms of the contract | $ 611,911 (Note) | Shangfa Construction Co., Ltd. and Linxin Construction Ltd. | Non-related party | Revitalize assets | Appraisal report | - |

Note: The merged company acquired the equity of Tainan Concrete Company in March 2022, and completed the acquisition price apportionment report in September of the same year. The book amount and disposal gains and losses are based on the premium generated from the acquisition transaction.

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL**
**FOR THE YEARS ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Buyer | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Company | Kaohsiung Harbor Transport Company | Subsidiary | Purchase (Freight) | $ 243,641 | 7 | 45 ~ 60 days after acceptance | Note | Equivalent | ( $ 16,551 ) | ( 2 ) | |
| | CHC Resources Corp. | The Group acts as key management | Purchase | 263,138 | 7 | 30 ~ 65 days after acceptance | Equivalent | Equivalent | ( 23,183 ) | ( 3 ) | |
| | Pan Asia (Engineers & Constructors) Corporation. | The Group acts as supervisor | Sale | 139,405 | 2 | 90 days of monthly settlement | Equivalent | Equivalent | 47,430 | 3 | |

Note : The purchase prices have no comparison with those from third parties.

TABLE 6

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Balance as of December 31, 2023 | | | Net Income (Loss) of the Investee | Share of Profits/Losses of Investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Shares | Percentage of Ownership | Carrying Amount | | | |
| The Company | Huanchung Cement International Corporation | Taichung city | Import, export, and sale of cement, cement material, fuel, and production | $ 69,993 | $ 69,993 | 6,999,333 | 69.99 | $ 117,559 | $ 19,912 | $ 13,939 | |
| | Chiayi Concrete Industrial Corporation | Chiayi County | Manufacturing and marketing of ready-mixed concrete | 22,643 | 22,643 | 2,252,378 | 86.63 | 41,180 | 799 | 692 | |
| | Kaohsiung Harbor Transport Company | Kaohsiung city | Trucking operation | 74,580 | 74,580 | 7,560,000 | 100.00 | 98,146 | 1,791 | 1,791 | |
| | Universal Investment Corporation | Taipei city | Investment activities | 650,000 | 650,000 | 75,000,000 | 100.00 | 872,621 | 87,055 | 87,055 | |
| | Universal Concrete Industrial Corporation | Taichung city | Manufacturing and marketing of ready-mixed concrete and gravel | 33,887 | 33,774 | 7,698,963 | 58.18 | 339,014 | 92,637 | 54,658 | |
| | Uneo Incorporated | Taipei city | Marketing of electronic Products | 291,671 | 291,671 | 6,000,000 | 100.00 | 18,940 | ( 15,324 ) | ( 15,324 ) | |
| | Li Yong Development Corporation | Taipei city | Investment activities, trading for real estate and leasing business | 20,000 | 20,000 | 2,000,000 | 100.00 | 19,281 | ( 186 ) | ( 186 ) | |
| | Lioho Machine Works Ltd. | Taoyuan city | Manufacturing and marketing of metal parts and automotive components | 174,997 | 174,997 | 89,581,468 | 29.86 | 10,804,541 | 2,815,952 | 840,843 | |
| | Tainan Concrete Industrial Corporation | Tainan city | Manufacturing and marketing of ready-mixed concrete and cement material | 238,180 | 68,454 | 2,023,624 | 67.45 | 1,087,279 | 1,039,224 | 411,126 | |
| Universal Investment Corporation | Universal Concrete Industrial Corporation | Taichung city | Manufacturing and marketing of ready-mixed concrete and gravel | 858 | 858 | 115,494 | 0.87 | 858 | - | - | |
| | Chiayi Concrete Industrial Corporation | Chiayi County | Manufacturing and marketing of ready-mixed concrete | 5 | 5 | 361 | 0.01 | 5 | - | - | |
| | Huanchung Cement International Corporation | Taichung city | Import, export, and sale of cement, cement material, fuel, and production | 13 | 13 | 667 | 0.01 | 13 | - | - | |
| | Tainan Concrete Industrial Corporation | Tainan city | Manufacturing and marketing of ready-mixed concrete and cement material | 178 | 178 | 10,000 | 0.33 | 178 | - | - | |
| | Lioho Machine Works Ltd. | Taoyuan city | Manufacturing and marketing of metal parts and automotive components | 93 | 93 | 1,680 | - | 93 | - | - | |

TABLE 7

# UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

**INFORMATION ON MAJOR SHAREHOLDERS**
**DECEMBER 31, 2023**

| Name of the major shareholder | Shares | |
|---|---|---|
| | Number of shares held (share) | Shareholding (%) |
| Sheng Yuan Investment Co., Ltd. | 67,213,485 | 9.98% |
| Yu-Sheng Investment Co., Ltd. | 66,467,998 | 9.87% |
| HOU, BO-YI | 52,414,898 | 7.78% |
| HSBC custodian Pictet investment accounts | 40,645,427 | 6.03% |

Note 1: The information on major shareholders in the table is information related to shareholders with aggregate ownership in the Company achieving 5% and above by holding ordinary shares and special shares that completed the non-physical registration and delivery (including treasury shares), calculated by the TDCC on the last business day at the end of the quarter. The share capital stated in the consolidated financial report of the Company may differ from the number of shares that completed the non-physical registration and delivery due to the differences in the basis of preparation and calculation.

Note 2: Regarding the information above, where shareholders entrust their shares with a trust, the information shall be disclosed in a separate personal account of the client in the nature of a trust account opened by the trustee. When shareholders with shareholding over 10% carrying out the insider’s equity report according to laws and regulations related to securities trading, the shareholding shall include its personal shareholding, plus shares entrusted with trust and possessing the right of utilization and decision-making. For information on the insider’s equity report, please refer to MOPS.