

Stock Code  
1109



# **Hsing Ta Cement Co., LTD.**

## **2024 Annual Shareholders' Meeting Handbook**

Hsing Ta Cement Co., LTD. Website  
<http://www.hsingta.com.tw>  
Market Observation Post System  
<http://mops.twse.com.tw>  
June 19, 2024

This English version is a translation based on the original Chinese version.  
Where any discrepancy arises between the two versions, the Chinese version shall prevail.

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**Hsing Ta Cement Co., LTD.  
2024 Annual Shareholders' Meeting Procedures**

1. Commence Meeting
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6. Elections
7. Other Motions
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# **Hsing Ta Cement Co., LTD.**

## **2024 Annual Shareholders' Meeting Agenda**

1. Time: 9 a.m., Tuesday June 19, 2024

2. Shareholders meeting will be held by: physical shareholders meeting

3. Venue: Rm. 願景, 6F.-6, NO.51, Hengyang Rd., Zhongzheng Dist. Taipei City (Taipei Foundation Of Finance)

4. Chairman's Remarks

5. Reporting Matters

(1) Presenting the Company's 2023 Business Report and Financial Statements.

(2) Audit Committee's Review of 2023 Annual Financial Statements.

(3) Presenting the Company's 2023 Employees' Compensation and Directors' Remuneration Distribution.

(4) Report of the Status of Endorsement and Guarantee.

6. Proposed Resolutions

(1) Adoption of the Company's 2023 Annual Accounting Final Reports and Statements.

(2) Adoption of the Proposal for the Company's Distribution of 2023 Profits.

7. Elections

(1) The company 21th Election of Directors.

8. Other Motions

Proposal of Release the Prohibition on Directors and its Representative from Participation in Competitive Business.

9. Extempore Motion

10. Adjournment

## **Reporting Matters**

- (1) Please refer to pages 8~36 of this manual for the Company's 2023 Business Report and Financial Statements.
- (2) Please refer to page 37 of this manual for Audit Committee's Review Report of 2023 Annual Financial Statements.
- (3) Please refer to page 38 of this manual for 2023 Distribution Report of Employees' Compensation and Directors' Remuneration.
- (4) Please refer to page 38 of this manual for Endorsement and Guarantee Report.

## **Proposed Resolutions**

**1.**

**Proposed by the Board of Directors**

### **Proposal:**

Adoption of the Company's 2023 Annual Accounting Final Reports.

### **Explanation:**

- (1) The Company's 2023 Annual Financial Statements, including Business Report and Financial Statements, were prepared by the Board of Directors and have been audited by Audit Committee and CPA.
- (2) Please refer to pages 8~36 of this manual for the Annual Financial Statements and Independent Auditor's Report.
- (3) The agenda has been proposed for acknowledgment.

### **Resolution:**

**2.**

**Proposed by the Board of Directors**

### **Proposal:**

Adoption of the Proposal for the Company's Distribution of 2023 Profits.

### **Explanation:**

- (1) A Proposal for Distribution of 2023 Profits (please refer to page 38 of this manual) has been adopted by the Board of Directors in accordance with the Company Act and Articles of Incorporation and audited by Audit Committee.
- (2) The company plans to appropriate NT\$409,390,642 of distributable earnings for cash dividend distribution, namely NT\$1.2 per share calculated on the basis of the Company's actual number of outstanding shares. The cash dividends being distributed shall be rounded off proportionately to the nearest Taiwan dollar and the sum of all cash dividends less than NT\$1 shall be transferred to other income of the Company.
- (3) Subject to approval of this shareholders' meeting, the Chairman of the Board of Directors is authorized to determine the cash dividend record date.
- (4) The agenda has been proposed for acknowledgment.

### **Resolution:**

## Elections

1.

**Proposed by the Board of Directors**

### Proposal:

The company 21th Election of Directors.

### Explanation:

- (1) The term of office of the Company's Board of Directors of the 20th term will expire on July 08, 2024, and the re-election of the Board of Directors of the 21st term will be advanced to concur with the regular shareholders' meeting of the Company on June 19, 2024.
- (2) Pursuant to Article 17 of the Company's Articles of Incorporation, 9 directors (including 3 independent directors) will be elected for this time, and the new directors will assume office from the date of re-election for a term of three years, commencing on June 19, 2024 and ending on June 18, 2027.
- (3) In accordance with Article 17 of the Company's Article of Incorporation, a candidate nomination system shall be adopted. The list of the candidates for Directors and Independent Directors has been approved by the Board of Directors and relevant information is as follows:

No.	Title	Name	Education	Experience	Current position	Number of Shares Held	Whether the individual has served as an independent director for three consecutive terms/reasons therefor
1	Director	Yang Jee-Shing	Department of Industrial Management, Tamsui Institute of Business Administration	Chairman of Hsing Ta Cement Co., Ltd. Chairman of HSIN I READY MIXED CONCRETE CO., LTD. Director of Jiangsu Xinning New Building Materials Co., Ltd. Director of Jiangsu Xinning New Building Materials Trading Co., Ltd.	Chairman of Hsing Ta Cement Co., Ltd. Chairman of HSIN I READY MIXED CONCRETE CO., LTD. Director of Jiangsu Xinning New Building Materials Co., Ltd. Director of Jiangsu Xinning New Building Materials Trading Co., Ltd.	34,905,166	Not applicable
2	Director	Yang Chung-Hsiung	Department of Banking, National Chengchi University	Director of Hsing Ta Cement Co., Ltd. Chairman, Tanghai Yang Foundation	Director of Hsing Ta Cement Co., Ltd. Chairman, Tanghai Yang Foundation	41,528,048	Not applicable
3	Director	Yang Ren-Hsiung	Department of Hydraulic Engineering, Tamkang University	Chairman, Jiangsu Xinning Co., Ltd. Chairman, Jiangsu Xinning New Building Materials Co., Ltd. Chairman, Nanjing Xinrong Environmental Protection New Material Co., Ltd.	Director of Hsing Ta Cement Co., Ltd. Chairman, Jiangsu Xinning Co., Ltd. Chairman, Jiangsu Xinning New Building Materials Co., Ltd. Chairman, Nanjing Xinrong Environmental Protection New Material Co., Ltd.	36,108,783	Not applicable
4	Director	Yang Da-Qin	Department of Information Management, National Yunlin University of Science and Technology.	Chairman, HSING TA INDUSTRIAL (SHENZHEN) CO., LTD.	Chairman, HSING TA INDUSTRIAL (SHENZHEN) CO., LTD.	8,145,934	Not applicable

5	Director	Representative, Turbo Investment Co., Ltd.: Yang Po-Wei,	Department of Industrial Engineering, Dayeh University	Vice Chairman of Qin Da Construction Co., Ltd.	Director of Hsing Ta Cement Co., Ltd. Vice Chairman of Qin Da Construction Co., Ltd.	50,000	Not applicable
6	Director	Yang Yin-Hsing	Tam-kang High School	None	None	5,169,655	Not applicable
7	Director	CHYN DA Construction Co., Ltd. Representative: Lin Kunrong	Department of Banking and Finance, Tamkang University	Assistant Vice President of Debo Investment Co., Ltd.	Assistant Vice President of Debo Investment Co., Ltd.	106,882	Not applicable
8	Independent director	Chen Li-Xiong	Master of Business Administration, West Florida State University	The Chairman of Taishin D.A. Finance Co., Ltd. Chairman, Taishin Financial Leasing (China) Co., Ltd. Director of NOVAX Material & Technology Inc.	Director of Taishin D.A. Finance Co., Ltd. Director, Taishin Financial Leasing (China) Co., Ltd. Director of NOVAX Material & Technology Inc.	0	No
9	Independent director	Chen Da-Xiong	Department of Law, National Taiwan University	<p>           MITSUBISHI CORPORATION (TAIWAN) LTD. under the trustee            Chairman of NEW NORTHERN KNITTING CO., LTD.            The Chairman of Shanghai Jianeng Garment Co., Ltd.            Chairman of Supervisor, National Association of Small and Medium Enterprises            Representative of Chinese Taipei, APEC Business Advisory Council (ABAC) (1996 &amp; 1997)            Executive Director, IEAT            Director, Republic of China Trade Education Foundation         </p>	<p>           Honorary Chairman and CSO, Pershing Technology Services Corporation            Chairman, Xiuzhi Co., Ltd.            Chairman, Xiuzi International Co., Ltd.            Independent Director of ASIA POLYMER CORPORATION            Director of Tang-Hai Yang Social Welfare Charitable Foundation         </p>	0	No
10	Independent director	Wu Rui-Tai	Department of Financial Management, National Chengchi University	<p>           Assistant Manager of Underwriting Department, Fubon Securities            Supervisor of Syncmold Enterprise Corp.            Chairman of J-MAS ENTERPRISE CO., LTD.         </p>	<p>           Independent Director of Hsing Ta Cement Co., Ltd.            Director of BORDEN TECHNOLOGY CORPORATION            Director of Sheng You Co., Ltd.            Supervisor of LEOHAB ENTERPRISE CO., LTD.            Director, GATETECH TECHNOLOGY INC.         </p>	0	No
11	Independent director	Shi Zheng-Tong	Master of Science in Finance, University of Illinois at Urbana-Champaign	<p>           Vice President of Investment Department, China Life Insurance Company Limited            Chief Investment Officer of Invesco Ltd            Investment Controller of CPIC Fund Management         </p>	<p>           Independent Director of Hsing Ta Cement Co., Ltd.            Independent Director of Ko Ja (Cayman) Co., Ltd.            Independent Director of Raku Co., Ltd.         </p>	0	No

				Co., Ltd.			
12	Independent director	Chen Po-Hui	PhD, Department of Chemical Engineering, National Taiwan University	Senior Vice President of Daiwa Corporate Investment Co., Ltd.	Chairman, GoldOn Investment	0	No
13	Independent director	Su Yu-Jen	Department of Law, National Taipei University	Practicing Lawyer of Tong Yin Attorney-at-Law	Practicing Lawyer of Tong Yin Attorney-at-Law	0	No

(4) Please refer to pages 48~50 of this manual for the Company's Rules for Election of Directors.

(5) It is submitted for election

**Results of the Election:**

## Other Motions

1.

### Proposed by the Board of Directors

#### Proposal:

To Release the Prohibition on Directors and its Representative from Participation in Competitive Business.

#### Explanation:

(1) This motion is proposed in accordance with Paragraph 1, Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the Company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval."

(2) To capitalize on the expertise and relevant experience of the Company's directors to take on the Company's various businesses, it is hereby proposed to the shareholders' meeting for the removal of the non-compete restrictions on the directors and their representatives to be elected at the current (2024) regular shareholders' meeting in accordance with the law on the premise of not jeopardizing the interests of the Company if any of them is engaged in the aforementioned activities.

(3) The details of the proposal to the shareholders' meeting to remove the non-compete restrictions on the director nominates and their representatives are as follows:

No.	Title	Name	Concurrent positions at other companies currently
1	Director	Yang Jee-Shing	Chairman of HSIN I READY MIXED CONCRETE CO., LTD. Director of Jiangsu Xinning New Building Materials Co., Ltd. Director of Jiangsu Xinning New Building Materials Trading Co., Ltd.
2	Director	Yang Renshiung	Chairman, Jiangsu Xinning New Building Materials Co., Ltd. Chairman, Nanjing Xinrong Environmental Protection New Material Co., Ltd. Chairman, Jiangsu Xinning New Building Materials Co., Ltd.

#### Resolution:

## Extraordinary Motion

## Adjournment

## Final Annual Reports

### 2023 Annual Operation Report and Final Statement

#### I. Operation Overview

Due to the ongoing Ukraine-Russia war and Israel-Palestine conflict, the global costs of energy, raw materials and freights remain high, resulting in a significant increase in cement costs and also propping up selling prices, which led to higher profit margin. In addition, thanks to the government's massive public work projects in the last year, the Company had a better profit in 2023 than in 2022. Despite the hardship during the period, the result was gratifying.

In the domestic real estate market, as all political parties campaigned hard for housing justice, the government's efforts to curb housing prices increased, but due to the rising costs of raw materials, housing prices were about the same as the previous year, so basically the market could be characterized by stable prices and shrinking volumes. If the U.S. Federal Reserve cuts interest rates in the future, there will be a chance for the housing market to heat up. As for social housing, there were still 27,000 house units pending construction and 33,000 house units under planning in various regions across the country. For the future, in addition to the existing private construction projects, we may also follow the movement of social housing, and work with our customers to win bids when necessary, with a view to increasing our market share and operating revenue.

In terms of public works and construction, the ongoing construction of the Taoyuan Aerotropolis, the MRT Green Line, and the railway underground project have increased the cement demand in the southern region of New Taipei City and Taoyuan City, we are cautiously optimistic about the concrete market in the Taoyuan area for the next three years. However, due to the relatively stronger demands, our sales staff requested to make adjustments to the credit limits and payment terms of customers accordingly, so we examined the financial positions and credit ratings of the customers more carefully to avoid the risk of bad debts that may cause the Company to incur losses.

As the global trend of "net-zero carbon emission", the Ministry of the Environment promulgated the "Guidelines for Establishing Carbon Fee Rate Review Councils" on December 1, 2023, and now proposes a draft for the regulations for charging of carbon fees, stipulating that the power industry operators and large-scale manufacturers with annual emissions of 25,000 metric tons of carbon dioxide equivalent will be the targets of the fee, and that a carbon fee (tax) based on the amount of carbon dioxide emissions will be levied since the year of 2025, with a fee of NT\$300 per metric ton of carbon dioxide emission. The carbon fee will definitely be reflected in the selling price after the levy is imposed, and the price of cement will increase in the future. However, before the announcement of the regulations on the carbon fees, the Company will not accept long-term orders for the time being, to allow timely price adjustments and avoid gross profit compression by the carbon fee (tax).

In the domestic cement market, the overall cement consumption in 2023 reached 12.98 million metric tons. The Company's sales volume of cement and clinker in 2023

was around 742,000 metric tons, up by 16.37% over the previous year, and sales amounted to NT\$2,066,163 thousand, up by 30.02% over the previous year.

As for the cement market in Mainland China, sales of cement amounted to 2,046,452 tons, comprising 1,415,449 tons of PO42.5 bulk cement, down year-on-year by 98,514 tons, and 631,003 tons of PII52.5 bulk cement, down year-on-year by 144,787 tons, with the average unit price inclusive of tax of PO42.5 bulk cement amounting to \$235.37, down year-on-year by \$65.85 per ton, and that of PII52.5 bulk cement amounting to \$263.31 per ton, down year-on-year by \$69.81 per ton.

The outlook for the cement industry in Mainland China for 2023 continues to be bearish due to the impact of ongoing real estate adjustments and other factors in the region. In the first quarter, work resumption in the downstream industry was in good progress, and the overall demand was better than that of the same period last year; in the second and third quarters, "the demand was weak in the peak season while was even weaker in the off season", with overall demand softening significantly, and coupled with the fierce competition in the market, the cement price continued to decline; in the fourth quarter, the demand recovered marginally, while the cement price increased slightly. Overall, cement production hit a 13-year low in 2023, and although the central point of coal price shifted downward, the cement price fell at an even deeper rate, and industry profit contracted significantly.

I. The lethargic impetus of infrastructure construction and the deep decline in real estate investment led to a decline in the cement demand. From January to November 2023, the growth rate of national investment in fixed assets was 2.9%, indicating the overall growth rate was sluggish during the year. Infrastructure investment grew by 5.8%, with the road transportation industry, which is relatively closely related to cement demand, declining by 0.2%, and the public facilities management industry declining by 2.5%, both of which showed a weakening trend. Although the overall growth of infrastructure maintained its upward trend, its impetus to the cement demand was relatively limited.

II. For real estate development, the finish value of investment in real estate development for the period of January to November fell 9.4% year-on-year, of which the finish value of construction and erection works fell 21.5% year-on-year, with investment in construction and erection works declining year-on-year, which negatively implicated the cement consumption. On the construction side, the area of new construction continued to decline deeply, down by 21.2% year-on-year for the period of January to November compared to the same period last year, and the area of construction under the influence of the deep decline in new construction was also unfavorably affected, down by 7.2% year-on-year for the period of January to November compared to the same period last year.

III. The internal structure of infrastructure investment diverged in for the period of January to November, coupled with the decline in real estate investment, so that the overall demand for cement was not as strong as that of the same period last year, and production fell as a result. It was estimated that the annual cement production in 2023 would be 2.05 billion tons, down year-on-year by 3.3%, with cement production hitting a record low since 2011.

In 2023, the overall cement price in Mainland China oscillated in a downward

trend, given the relatively weak demand for cement. Although the overall decline in the coal price

alleviated the pressure on production costs, the decline in the cement price was even deeper, so the profit of the cement industry declined substantially. The big picture for 2023 was that we continued to focus on serving our existing customers and maintaining our market share, with new supply to the Nanjing-Huai'an High Speed Rail and North Yangtze High Speed Rail projects, which helped improve our customer structure to a certain extent.

In terms of revenue, it will maintain the existing incomes from rental and resource recycle and reuse while at the same time, taking care of social needs, environmental protection, and economic development to achieve the objectives of industrial symbiosis and sustainable social development. In terms of other income in 2023, the Company's income from recycle processing service was NT\$78,224 thousand and lease income was NT\$49,526 thousand, up by NT\$18,708 thousand compared to the previous year.

Consolidated operating revenue for 2023 was NT\$6,259,864 thousand, down by 2.01% from NT\$6,388,338 thousand of 2022; consolidated net income for 2023 was NT\$807,587 thousand, up by 55.98% from NT\$517,738 thousand of 2022.

## II. Comparison of the performance in 2023 and 2022

Unit: metric tons

Cement and clinker	Production quantity			Sales quantity		
	2023	2022	Increase (decrease) %	2023	2022	Increase (decrease) %
<b>Domestic</b>	731,041	622,805	17.38	741,791.99	637,448.64	16.37
<b>Mainland</b>	2,056,280	2,297,624	(10.50)	2,046,451.80	2,297,623.80	(10.93)
<b>Total</b>	2,787,321	2,920,429	(4.56)	2,788,243.79	2,935,072.44	(5.00)

Unit: Thousand \$NT

	2023	2022	Increase (decrease) amount	Increase (decrease) %
<b>Operating revenues</b>				
<b>Domestic</b>	3,010,513	2,213,586	796,927	36.00
<b>Mainland</b>	3,249,351	4,174,752	(925,401)	(22.17)
<b>Consolidated sales revenues</b>	6,259,864	6,388,338	(128,474)	(2.01)
<b>Consolidated net profits for the year</b>	807,587	517,738	289,849	55.98

## **Research and development**

The Company has a diversified product lineup. In addition to Type I, Type II and IS blast-furnace cement, we have been developing Portland limestone cement since the end of 2023 to enhance our competitiveness in the market in line with the government's net-zero carbon emission policy. In addition to the preliminary achievements based on the in-house trials, we have obtained the certification for hydraulic blended cements - Portland limestone cement I L(15) from the Bureau of Standards. Not only is its early strength superior, but its middle and late strengths are also comparable to those of Type I. There shall be an opportunity in the future to increase the shipment volume of Portland limestone cement, replacing Type I cement to achieve carbon reduction.

### **III. Business promotion and development direction and strategy**

1. Actively participate in public work projects, such as Wen Zi Zun Rezoned Area in Xinzhuang and Taishan, New Taipei City, Danbei Road project, Terminal Three and runway project of Taoyuan International Airport, Taoyuan Aerotropolis, and Taoyuan railway underground project, etc.
2. Continue to promote the use of the Company's IS blast-furnace cement for geological improvement and foundation works.
3. Apply for Type I carbon footprint label for 40kg bags of cement to satisfy customers' needs for carbon emission statistics.
4. Supply FIBC bags for some urban construction projects with small base areas and for projects on outlying islands according to local conditions.
5. Pay attention to our customers and adjust their credit limits and payment terms in a timely manner to avoid the risk of bad debts,
6. Encourage customers to pick up shipments ex-works for greater flexibility in the delivery of goods as the transportation distance from our plants to construction site is long and it is not easy to dispatch.
7. Promote Portland limestone cement as an alternative to Type I cement to reduce carbon emissions.

### **V. Approaches in response to the effects of external competition, legal environment, and overall business environment.**

1. In August 2023, a fatal accident occurred when a visiting car driver fell in our plants. In order to avoid the recurrence of such a regrettable incident, we have strictly stipulated that drivers must conduct stevedoring in the designated areas and in accordance with the SOPs, so as to ensure the safety and efficiency of the working environment.
2. By upholding the Company's philosophy of sustainable development, we have developed Portland limestone cement to fulfill our responsibility towards environmental protection.
3. In line with the environmental protection and energy conservation policies of the government, we are actively implementing various equipment investment and improvement programs, and we expect that the second phase of the ETB project will be carried out in mid-2024.

4. Control the inventory of each warehouse, and prepare the inventory before the equipment maintenance to meet the demand of customers during the kiln shutdown.
5. In case of incidental new events, a written record shall be established after the closure of the project to facilitate the handling of similar situations in the future.
6. Deepen the relationship with customers, keep track of the market intelligence and other related information in the cement industry, and share it with the Company and plants for the timely adjustments to the operation direction.
7. Coordinate with customers and the plants to supply FIBC bags as quickly as possible to meet customer needs.

## **VI. Business plan and outlook for 2024**

With respect to the outlook for 2024, Taiwan is facing the harsh environment of rising raw material and electricity prices and carbon fee (tax), while Mainland China is facing the difficult challenges of housing market collapse and the departure of foreign capital. With the inflation in Europe and the U.S. gradually coming under control, academics from various sources expect the U.S. Federal Reserve to cut interest rates after May, so the market trend will not have a clearer picture until after the end of the second quarter. Until there is clarity, all of our units will closely monitor the movements of the market and other industry peer companies to maintain flexibility and be ready to respond. Seek breakthroughs amid stability, and seek stability after breakthroughs.

### **Domestic cement market:**

Due to the increasing global demand for chips and AI, the industries of related supply chain have the opportunity to expand their plants. Except for Taoyuan, where the Aerotropolis is driving more private construction projects, the number of private construction projects in other areas remains low and is expected to remain at the same level as last year. As the government has raised the total budget for public construction, it is expected that there will be more business opportunities in public construction this year.

However, as imported cement and clinker continue to erode the domestic market, the Taiwan Cement Manufacturers Association not only filed an anti-dumping complaint, but also proposed to the Ministry of the Environment to levy a border carbon fee on imported cement and clinker, in order to reduce the cost difference between domestic and imported cement and clinker, and to minimize unfair competition and carbon leakage by way of tax and regulation.

In summary, the demand for cement in 2024 is estimated to be approximately 12 million metric tons. Although the domestic cement market has been seized by importers for approximately 27% of the market share, the Company's sales of cement and clinker in Taiwan will still be able to reach the targets of 625,000 metric tons of cement and 25,000 metric tons of clinker, according to the internal assessment. Instead of engaging in vicious price competition with importers, the Company has taken other approaches such as

improving quality, refining after-sales service and diversifying products to build brand reputation, as well as enhancing ESG (Environmental Protection, Social Responsibility and Corporate Governance) as an important indicator of corporate sustainability, to maintain our own competitive advantage and to stand firm in the ever-changing market environment.

### **Mainland China's cement market:**

With respect to the market outlook for 2024, as mentioned in the Central Economic Working Conference in December 2023, the Chinese government is actively and steadily resolving the real estate risks, meeting the reasonable financing needs of real estate enterprises of different systems of ownership on an equal footing, and promoting the stable and healthy development of the real estate market. The government is also accelerating the "three major projects", including the construction of indemnification housing, the construction of public infrastructure both "under normal conditions and in emergencies", and urban village renovation. In 2024, the focus of the real estate sector will remain on "ensuring the delivery of housing projects" and "controlling risks", while the "three major projects" will continue to be promoted, which will mitigate the decline in real estate investment.

Land acquisition area and new construction starts are two important indicators on the investment side. As of November 2023, both had declined by 25.2% and 21.2% year-on-year, respectively, and have yet stabilized, and both had a negative impact on investment in front-end construction and erection works in real estate in 2023. Nevertheless, under the influence of the "three major projects", the decline in real estate investment may slow down, and the negative implication of real estate on cement demand will be reduced.

In terms of infrastructure, the impetus of infrastructure to the cement demand is still getting stronger. First of all, infrastructure investment is still an important driver to stabilize the macroeconomics; in October 2023, the central government issued an additional trillion national bonds. Under the requirement of maintaining stable growth, it is expected that the amount of special bonds will be increased in 2024, which will be favorable to infrastructure investment, but considering that local governments are facing greater pressure to reduce debt, and squeeze some of the financial funds, it is expected that the growth rate of infrastructure in 2024 will be accelerated slightly compared with that of 2023; secondly, some of the new projects in 2024 will enter the civil engineering period, which shall boost the demand for cement.

To summarize, the negative implication of real estate is waning, and impetus of infrastructure is still palpable. It is expected that the demand for cement will decline slightly in 2024, and the rate of decline will continue to slow down. We expect the cement production to be around 2.01 billion tons in 2024, down around 2% year-on-year.

According to the CHINA CEMENT BIG DATA RESEARCH INSTITUTE, 27 production lines with a capacity of over 40 million tons of clinker are planned to come into operation in 2024. Given that the pressure on the industry will

remain high in 2024, it is expected that the progress of the release of capacity into operation will still be less than expected. Nevertheless, the imbalance between supply and demand during the period of downturn in demand highlights the fact that the problem of overcapacity is still relatively serious.

At present, the cement price has reached a relatively low level, with many enterprises operating at a loss and a strong willingness to increase the price. Against the backdrop of basically stable demand, it is unlikely that the cement price will weaken significantly. We judge that the cement price will rebound to a certain extent in 2024, but on account of serious overcapacity, there is limited space for upward movement; coupled with the relatively high average price of cement in 2023, it is expected that the central point of the average cement price for the whole year of 2024 will still shift downward, and from the perspective of quarterly trends, the year-on-year decline will gradually slow down, and the price is possible to turn positive in the second half of the year.

Against the backdrop of tighter safety inspection, the difficulty in coal supply may gradually increase. Coupled with the economic recovery and increased consumption, there is an upside risk to the coal price, and the pressure on the production costs of cement enterprises may increase. Overall, the average price of cement is moving downward and costs are increasing, so it is hard to be optimistic about the efficiency of the industry, and it is expected that the efficiency of the cement industry will still be at a relatively low position in 2024.

Since the Company was established more than 60 years ago, we have adhered to the spirit of "credibility and quality first". Facing all the situations and challenges, we will continue to maintain a prudent attitude and work hard with all employees, to create more brilliant business performance, while striving to become a stable and eco-friendly enterprise which follows business ethics and duly fulfills social responsibility.

Chairman of BOD : Yang Jee Shing



General manager : Yang Ta Kuan



Accounting Manager : Tsai Su Chiu



## **Year 2023 Consolidated Financial Statements and Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE  
To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Hsing Ta Cement Co., Ltd. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

### **Occurrence of revenue recognition of cement sales**

#### Description

Please refer to Note 4(26) of the financial statements for accounting policies on revenue recognition and Note 6(16) for details of operating revenue.

The Company's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 2,146,189 thousand, constituting 94.38% of the 2023 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch report prepared by the cement factory according to actual collection situation. The Company's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures. Additionally, since the cement sales revenue is material to the financial statements and the Company's subsidiaries, accounted for using equity method, have the same matters as the aforementioned, we consider the occurrence of revenue recognition of cement sales of the Company and its subsidiaries as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Company's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
2. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.
3. Verified the monthly dispatch report used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch report, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

#### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent

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

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

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

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

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

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Lee, Hsiu-Ling

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Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 1,625,579	19	\$ 1,136,981	14
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		34,499	-	38,020	1
1150	Notes receivable, net	6(4)	129,536	2	102,622	1
1160	Notes receivable - related parties	6(4) and 7	34,043	-	24,047	-
1170	Accounts receivable, net	6(4)	63,519	1	78,016	1
1200	Other receivables		4,077	-	8,247	-
130X	Inventories	6(5)	383,513	5	453,624	6
1410	Prepayments		19,973	-	19,983	-
11XX	<b>Current assets</b>		<u>2,294,739</u>	<u>27</u>	<u>1,861,540</u>	<u>23</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value	6(2)				
	through profit or loss - non-current		232,611	3	182,351	2
1535	Financial assets at amortised	6(3) and 8				
	cost- non-current		216,347	2	216,314	3
1550	Investments accounted for under	6(6) and 7				
	equity method		3,572,586	41	3,650,019	45
1600	Property, plant and equipment	6(7) and 7	742,633	9	728,875	9
1755	Right-of-use assets	6(8)	22,493	-	27,916	-
1760	Investment property - net	6(10)	1,424,167	17	1,428,699	17
1840	Deferred income tax assets	6(23)	40,251	-	40,284	-
1900	Other non-current assets		64,547	1	57,868	1
15XX	<b>Non-current assets</b>		<u>6,315,635</u>	<u>73</u>	<u>6,332,326</u>	<u>77</u>
1XXX	<b>Total assets</b>		<u>\$ 8,610,374</u>	<u>100</u>	<u>\$ 8,193,866</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2130	Current contract liabilities	6(16) and 7	\$ 65,014	1	\$ 57,384	1
2170	Accounts payable		58,597	1	44,644	1
2200	Other payables		197,420	2	159,076	2
2230	Current income tax liabilities		48,372	1	43,357	-
2280	Current lease liabilities	6(26)	9,081	-	5,508	-
2300	Other current liabilities		2,018	-	1,015	-
21XX	<b>Current Liabilities</b>		<u>380,502</u>	<u>5</u>	<u>310,984</u>	<u>4</u>
<b>Non-current liabilities</b>						
2570	Deferred income tax liabilities	6(23)	34,244	-	38,968	1
2580	Non-current lease liabilities	6(26)	20,667	-	26,022	-
2640	Accrued pension liabilities	6(11)	39,391	1	33,943	-
2645	Guarantee deposits received	6(26)	17,893	-	18,036	-
25XX	<b>Non-current liabilities</b>		<u>112,195</u>	<u>1</u>	<u>116,969</u>	<u>1</u>
2XXX	<b>Total liabilities</b>		<u>492,697</u>	<u>6</u>	<u>427,953</u>	<u>5</u>
<b>Equity</b>						
	Share capital	6(12)				
3110	Share capital - common stock		3,411,589	40	3,411,589	42
	Capital surplus	6(13)				
3200	Capital surplus		15,697	-	15,644	-
	Retained earnings	6(14)				
3310	Legal reserve		1,655,263	19	1,615,360	20
3320	Special reserve		136,484	1	200,753	3
3350	Unappropriated retained earnings		3,091,799	36	2,659,051	32
	Other equity interest	6(15)				
3400	Other equity interest		( 193,155)	( 2)	( 136,484)	( 2)
3XXX	<b>Total equity</b>		<u>8,117,677</u>	<u>94</u>	<u>7,765,913</u>	<u>95</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 8,610,374</u>	<u>100</u>	<u>\$ 8,193,866</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(9)(10)(16) and 7	\$ 2,273,939	100	\$ 1,772,103	100
5000 Operating costs	6(5)(10)(21)(22)	( 1,597,470)	( 70)	( 1,366,145)	( 77)
5900 Gross profit		676,469	30	405,958	23
5910 Unrealized profit from sales		( 466)	-	( 251)	-
5920 Realized profit from sales		251	-	131	-
5950 Net operating margin		676,254	30	405,838	23
Operating expenses	6(21)(22) and 7				
6100 Selling expenses		( 49,739)	( 2)	( 40,137)	( 2)
6200 General and administrative expenses		( 83,394)	( 4)	( 67,778)	( 4)
6000 Total operating expenses		( 133,133)	( 6)	( 107,915)	( 6)
6900 Operating profit		543,121	24	297,923	17
Non-operating income and expenses					
7100 Interest income	6(17)	25,531	1	16,017	1
7010 Other income	6(18)	14,932	1	15,204	1
7020 Other gains and losses	6(19)	40,044	2	10,512	-
7050 Finance costs	6(20)	( 733)	-	( 471)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	215,106	9	232,936	13
7000 Total non-operating income and expenses		294,880	13	274,198	15
7900 <b>Profit before income tax</b>		838,001	37	572,121	32
7950 Income tax expense	6(23)	( 152,117)	( 7)	( 172,955)	( 10)
8200 <b>Profit for the year</b>		<u>\$ 685,884</u>	<u>30</u>	<u>\$ 399,166</u>	<u>22</u>
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Actuarial loss on defined benefit plan	6(11)	(\$ 5,445)	-	(\$ 996)	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 219)	-	662	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	1,089	-	199	-
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		( 4,575)	-	( 135)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8380 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)(15)	( 56,671)	( 3)	64,269	4
8360 Components of other comprehensive income(loss) that will be reclassified to profit or loss		( 56,671)	( 3)	64,269	4
8300 <b>Other comprehensive (loss) income for the year</b>		<u>(\$ 61,246)</u>	<u>( 3)</u>	<u>\$ 64,134</u>	<u>4</u>
8500 <b>Total comprehensive income for the year</b>		<u>\$ 624,638</u>	<u>27</u>	<u>\$ 463,300</u>	<u>26</u>
Basic earnings per share	6(24)				
9750 Total basic earnings per share		\$	2.01	\$	1.17
9850 Total diluted earnings per share		\$	2.00	\$	1.16

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital surplus			Retained earnings			Other equity interest		Total equity
		Share capital - common stock	Treasury stock transactions	Others	Legal reserve	Special reserve	Unappropri- ated retained earnings	Financial statements translation differences of foreign operations	Treasury shares	
<u>2022</u>										
Balance at January 1		\$ 3,419,579	\$ 22,299	\$ 663	\$ 1,528,279	\$ 175,551	\$ 2,885,240	(\$ 200,753)	\$ -	\$ 7,830,858
Profit for the year		-	-	-	-	-	399,166	-	-	399,166
Other comprehensive income (loss) for the year	6(6)(15)	-	-	-	-	-	( 135)	64,269	-	64,134
Total comprehensive income		-	-	-	-	-	399,031	64,269	-	463,300
Appropriations and distribution of 2021 retained earnings:	6(14)									
Legal reserve appropriated		-	-	-	87,081	-	( 87,081)	-	-	-
Special reserve		-	-	-	-	25,202	( 25,202)	-	-	-
Cash dividends		-	-	-	-	-	( 512,937)	-	-	( 512,937)
Purchase of treasury shares	6(12)	-	-	-	-	-	-	-	( 15,755)	( 15,755)
Retirement of treasury shares	6(12)	( 7,990)	( 7,765)	-	-	-	-	-	15,755	-
Expired unclaimed dividends transferred to capital surplus		-	-	447	-	-	-	-	-	447
Balance at December 31		\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913
<u>2023</u>										
Balance at January 1		\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913
Profit for the year		-	-	-	-	-	685,884	-	-	685,884
Other comprehensive income (loss) for the year	6(6)(15)	-	-	-	-	-	( 4,575)	( 56,671)	-	( 61,246)
Total comprehensive income		-	-	-	-	-	681,309	( 56,671)	-	624,638
Appropriations and distribution of 2022 retained earnings:	6(14)									
Legal reserve appropriated		-	-	-	39,903	-	( 39,903)	-	-	-
Special reserve reversed		-	-	-	-	( 64,269)	64,269	-	-	-
Cash dividends		-	-	-	-	-	( 272,927)	-	-	( 272,927)
Expired unclaimed dividends transferred to capital surplus		-	-	53	-	-	-	-	-	53
Balance at December 31		\$ 3,411,589	\$ 14,534	\$ 1,163	\$ 1,655,263	\$ 136,484	\$ 3,091,799	(\$ 193,155)	\$ -	\$ 8,117,677

The accompanying notes are an integral part of these parent company only financial statements.

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 838,001	\$ 572,121
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(7)(8)(10)(21)	101,004	113,256
Net loss on financial assets at fair value through profit or loss	6(2)(19)	( 46,739 )	22,007
Interest expense	6(8)(20)	733	471
Interest income	6(17)	( 25,531 )	( 16,017 )
Dividend revenue	6(18)	( 11,138 )	( 9,985 )
Share of profit of associates and joint ventures accounted for using equity method	6(6)	( 215,107 )	( 232,936 )
Gain on lease modification	6(8)(19)	( 8 )	( 549 )
Loss on disposal of property, plant and equipment	6(19)	5,324	3,358
Unrealized gain from sale		466	251
Realized gain from sale		( 251 )	( 131 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 26,914 )	48,995
Notes receivable - related parties		( 9,996 )	4,589
Accounts receivable, net		14,497	( 18,565 )
Other receivables		4,170	( 5,471 )
Inventories		70,111	( 61,213 )
Prepayments		10	( 17,814 )
Other non-current assets		( 321 )	3,376
Changes in operating liabilities			
Current contract liabilities		7,630	( 8,846 )
Accounts payable		13,953	( 3,440 )
Other payables		38,352	( 27,915 )
Other current liabilities		1,003	( 358 )
Net defined benefit liability		3	( 15 )
Cash inflow generated from operations		759,252	365,169
Income taxes paid		( 150,705 )	( 197,469 )
Interest paid		( 733 )	( 471 )
Net cash flows from operating activities		607,814	167,229

(Continued)

HSING TA CEMENT CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Proceeds from disposal of financial assets at fair value through profit or loss		\$ -	\$ 7,509
Acquisition of financial assets at amortised cost		( 33 )	( 1,126 )
Acquisition of property, plant and equipment	6(25)	( 112,922 )	( 70,810 )
Acquisition of investment property	6(10)	( 3,490 )	( 520 )
Proceeds from disposal of property, plant and equipment		865	427
Decrease (increase) in refundable deposits		( 513 )	246
Interest received		25,531	16,017
Dividends received	6(6)(18)	246,573	562,367
Net cash flows from investing activities		<u>156,011</u>	<u>514,110</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in guarantee deposits received	6(26)	( 143 )	778
Cash dividend paid	6(14)	( 272,927 )	( 512,937 )
Purchase of treasury shares	6(12)	-	( 15,755 )
Payments of lease liabilities	6(26)	( 2,210 )	( 5,200 )
Expired unclaimed dividends transferred to capital surplus		53	447
Net cash flows used in financing activities		<u>( 275,227 )</u>	<u>( 532,667 )</u>
Net increase in cash and cash equivalents		488,598	148,672
Cash and cash equivalents at beginning of year		1,136,981	988,309
Cash and cash equivalents at end of year		<u>\$ 1,625,579</u>	<u>\$ 1,136,981</u>

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

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Hsing Ta Cement Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Hsing Ta Cement Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### **Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

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

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

#### **Occurrence of revenue recognition of cement sales**

##### Description

Please refer to Note 4(28) of the financial statements for accounting policies on revenue recognition and Note 6(16) for details of operating revenue.

The Group's operating revenue mainly consists of cement sales revenue, revenue from recycling and treatment and rental revenue. The revenue from cement sales amounted to NTD 6,043,782 thousand, constituting 96.55% of the 2023 operating revenue. The price of cement often fluctuates due to the prices of raw materials, market supply and demand as well as the general economic situation. Sales prices and order quantities are based on the contracts signed with individual customers. Cement sales revenue is recognised when customers collect the cement, which is based on the dispatch reports prepared by the cement factory according to actual collection situation. The Group's counterparties are numerous, and the types of products, the related prices and the qualities are various. Also, the information process, recording and maintenance of the relevant reports mainly relies on manual operation. Therefore, more audit staff were required to perform the procedures.

Additionally, since the cement sales revenue is material to the financial statements, we consider the occurrence of revenue recognition of cement sales as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

4. Assessed the reasonableness of revenue recognition policies and procedures for cement sales based on our understanding of the Group's business and the industry it operates in, and confirmed that these were consistently applied in the financial statements.
5. Obtained an understanding of the order, collection and delivery processes, and assessed as well as tested the relevant internal control procedures including sample testing the prices and quantities on the cement order reports and agreed them with the records on the cement sales register cards and the collection reports as well as checking whether the quantities on the collection report were consistent with the records on the delivery sheets and the daily dispatch reports.
6. Verified the monthly dispatch reports used by the management for revenue recognition, including sample testing the quantities on the reports whether they were consistent with the records on the daily dispatch reports, and recalculating the amount of the revenue and agreeing them with the recorded revenue.

#### ***Other matter – Parent company only financial statements***

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended December 31, 2023 and 2022.

### ***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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

7. 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.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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.
11. 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.

12. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Lee, Hsiu-Ling

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Hsu, Ming-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 2,930,678	25	\$ 2,767,084	24
1110	Financial assets at fair value	6(2)				
	through profit or loss - current		1,380,895	12	1,007,780	9
1136	Current financial assets at	6(3) and 8				
	amortised cost		224,758	2	624,429	5
1150	Notes receivable, net	6(4)	620,701	5	722,330	6
1170	Accounts receivable, net	6(4)	521,500	5	327,906	3
1200	Other receivables		6,626	-	10,151	-
130X	Inventories	6(5)	928,382	8	1,011,311	9
1410	Prepayments		73,036	1	89,152	1
1470	Other current assets	9(1)	350	-	334	-
11XX	<b>Current assets</b>		<u>6,686,926</u>	<u>58</u>	<u>6,560,477</u>	<u>57</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value	6(2)				
	through profit or loss - non-current		232,611	2	182,351	2
1535	Financial assets at amortised cost	6(3) and 8				
	- non-current		227,709	2	240,324	2
1600	Property, plant and equipment	6(6)	2,671,967	23	2,755,243	24
1755	Right-of-use assets	6(7)	159,212	2	172,627	2
1760	Investment property - net	6(9)	1,425,931	12	1,430,487	12
1780	Intangible assets		17,537	-	8,904	-
1840	Deferred income tax assets	6(23)	40,810	-	40,815	-
1920	Guarantee deposits paid		33,451	-	32,956	-
1990	Other non-current assets, others		67,016	1	65,842	1
15XX	<b>Non-current assets</b>		<u>4,876,244</u>	<u>42</u>	<u>4,929,549</u>	<u>43</u>
1XXX	<b>Total assets</b>		<u>\$ 11,563,170</u>	<u>100</u>	<u>\$ 11,490,026</u>	<u>100</u>

(Continued)

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2130	Current contract liabilities	6(16)	\$ 99,616	1	\$ 106,255	1
2150	Notes payable		164,927	1	282,961	2
2160	Notes payable - related parties	7	2,035	-	915	-
2170	Accounts payable		675,743	6	765,076	7
2200	Other payables	6(10) and 7	336,215	3	363,222	3
2230	Current income tax liabilities		99,273	1	101,357	1
2280	Current lease liabilities	6(26)	11,311	-	8,172	-
2399	Other current liabilities, others		2,180	-	1,135	-
21XX	<b>Current Liabilities</b>		<u>1,391,300</u>	<u>12</u>	<u>1,629,093</u>	<u>14</u>
	<b>Non-current liabilities</b>					
2570	Deferred income tax liabilities	6(23)	70,521	1	88,458	1
2580	Non-current lease liabilities	6(26)	36,522	1	43,301	1
2640	Accrued pension liabilities	6(11)	37,541	-	32,872	-
2670	Other non-current liabilities, others		36,685	-	32,750	-
25XX	<b>Non-current liabilities</b>		<u>181,269</u>	<u>2</u>	<u>197,381</u>	<u>2</u>
2XXX	<b>Total liabilities</b>		<u>1,572,569</u>	<u>14</u>	<u>1,826,474</u>	<u>16</u>
	<b>Equity attributable to owners of parent</b>					
	Share capital	6(12)				
3110	Share capital - common stock		3,411,589	30	3,411,589	30
	Capital surplus	6(13)				
3200	Capital surplus		15,697	-	15,644	-
	Retained earnings	6(14)				
3310	Legal reserve		1,655,263	14	1,615,360	14
3320	Special reserve		136,484	1	200,753	2
3350	Unappropriated retained earnings		3,091,799	27	2,659,051	23
	Other equity interest	6(15)				
3400	Other equity interest		( 193,155)	( 2)	( 136,484)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>8,117,677</u>	<u>70</u>	<u>7,765,913</u>	<u>68</u>
36XX	Non-controlling interest		<u>1,872,924</u>	<u>16</u>	<u>1,897,639</u>	<u>16</u>
3XXX	<b>Total equity</b>		<u>9,990,601</u>	<u>86</u>	<u>9,663,552</u>	<u>84</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 11,563,170</u>	<u>100</u>	<u>\$ 11,490,026</u>	<u>100</u>

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(8)(9)(16)	\$ 6,259,864	100	\$ 6,388,338	100
5000	Operating costs	6(21)(22) and 7	( 4,918,790)	( 78)	( 5,138,589)	( 81)
5900	Gross profit		<u>1,341,074</u>	<u>22</u>	<u>1,249,749</u>	<u>19</u>
	Operating expenses	6(21)(22) and 7				
6100	Selling expenses		( 143,827)	( 2)	( 121,029)	( 2)
6200	General and administrative expenses		( 208,502)	( 4)	( 217,455)	( 3)
6450	Expected credit losses	12(2)	547	-	( 126)	-
6000	Total operating expenses		<u>( 351,782)</u>	<u>( 6)</u>	<u>( 338,610)</u>	<u>( 5)</u>
6900	Operating profit		<u>989,292</u>	<u>16</u>	<u>911,139</u>	<u>14</u>
	Non-operating income and expenses					
7100	Interest income	6(17)	51,100	1	41,584	1
7010	Other income	6(18)	22,378	-	29,418	-
7020	Other gains and losses	6(19)	50,137	1	11,483	-
7050	Finance costs	6(20)	( 1,289)	-	( 870)	-
7000	Total non-operating income and expenses		<u>122,326</u>	<u>2</u>	<u>81,615</u>	<u>1</u>
7900	<b>Profit before income tax</b>		<u>1,111,618</u>	<u>18</u>	<u>992,754</u>	<u>15</u>
7950	Income tax expense	6(23)	( 304,031)	( 5)	( 475,016)	( 7)
8200	<b>Profit for the year</b>		<u>\$ 807,587</u>	<u>13</u>	<u>\$ 517,738</u>	<u>8</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	(\$ 5,941)	-	\$ 503	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	<u>1,188</u>	<u>-</u>	<u>( 101)</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 85,194)	( 2)	96,675	2
8360	Components of other comprehensive income that will be reclassified to profit or loss		<u>( 85,194)</u>	<u>( 2)</u>	<u>96,675</u>	<u>2</u>
8300	<b>Other comprehensive (loss) income for the year</b>		<u>(\$ 89,947)</u>	<u>( 2)</u>	<u>\$ 97,077</u>	<u>2</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 717,640</u>	<u>11</u>	<u>\$ 614,815</u>	<u>10</u>
	Profit, attributable to:					
8610	Owners of the parent		\$ 685,884	11	\$ 399,166	6
8620	Non-controlling interest		121,703	2	118,572	2
			<u>\$ 807,587</u>	<u>13</u>	<u>\$ 517,738</u>	<u>8</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 624,638	10	\$ 463,300	8
8720	Non-controlling interest		93,002	1	151,515	2
			<u>\$ 717,640</u>	<u>11</u>	<u>\$ 614,815</u>	<u>10</u>
	Basic earnings per share	6(24)				
9750	Total basic earnings per share		\$ 2.01		\$ 1.17	
9850	Total diluted earnings per share		\$ 2.00		\$ 1.16	

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Capital surplus			Retained earnings							
								Exchange differences on translation of foreign financial statements				
Notes	Ordinary share	Treasury share transactions	Others	Legal reserve	Special reserve	Unappropriated retained earnings		Treasury shares	Total	Non-controlling interest	Total equity	
<b>2022</b>												
	Balance at January 1	\$ 3,419,579	\$ 22,299	\$ 663	\$ 1,528,279	\$ 175,551	\$ 2,885,240	(\$ 200,753)	\$ -	\$ 7,830,858	\$ 2,022,314	\$ 9,853,172
	Profit for the year	-	-	-	-	-	399,166	-	-	399,166	118,572	517,738
	Other comprehensive income (loss) for the year	-	-	-	-	-	( 135 )	64,269	-	64,134	32,943	97,077
	Total comprehensive income	-	-	-	-	-	399,031	64,269	-	463,300	151,515	614,815
	Appropriations and distribution of 2021 retained earnings:											
	Legal reserve appropriated	-	-	-	87,081	-	( 87,081 )	-	-	-	-	-
	Special reserve	-	-	-	-	25,202	( 25,202 )	-	-	-	-	-
	Cash dividends	-	-	-	-	-	( 512,937 )	-	( 512,937 )	-	-	( 512,937 )
	Purchase of treasury share	-	-	-	-	-	-	( 15,755 )	( 15,755 )	-	-	( 15,755 )
	Retirement of treasury share	( 7,990 )	( 7,765 )	-	-	-	-	15,755	-	-	-	-
	Expired unclaimed dividends transferred to capital surplus	-	-	447	-	-	-	-	-	447	-	447
	Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	( 276,190 )	( 276,190 )
	Balance at December 31	\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913	\$ 1,897,639	\$ 9,663,552
<b>2023</b>												
	Balance at January 1	\$ 3,411,589	\$ 14,534	\$ 1,110	\$ 1,615,360	\$ 200,753	\$ 2,659,051	(\$ 136,484)	\$ -	\$ 7,765,913	\$ 1,897,639	\$ 9,663,552
	Profit for the year	-	-	-	-	-	685,884	-	-	685,884	121,703	807,587
	Other comprehensive income (loss) for the year	-	-	-	-	-	( 4,575 )	( 56,671 )	-	( 61,246 )	( 28,701 )	( 89,947 )
	Total comprehensive income	-	-	-	-	-	681,309	( 56,671 )	-	624,638	93,002	717,640
	Appropriations and distribution of 2022 retained earnings:											
	Legal reserve appropriated	-	-	-	39,903	-	( 39,903 )	-	-	-	-	-
	Special reserve reversed	-	-	-	-	( 64,269 )	64,269	-	-	-	-	-
	Cash dividends	-	-	-	-	-	( 272,927 )	-	( 272,927 )	-	-	( 272,927 )
	Expired unclaimed dividends transferred to capital surplus	-	-	53	-	-	-	-	-	53	-	53
	Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	( 117,717 )	( 117,717 )
	Balance at December 31	\$ 3,411,589	\$ 14,534	\$ 1,163	\$ 1,655,263	\$ 136,484	\$ 3,091,799	(\$ 193,155)	\$ -	\$ 8,117,677	\$ 1,872,924	\$ 9,990,601

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

HSING TA CEMENT CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,111,618	\$ 992,754
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(6)(7)(9)(21)	303,996	308,107
Amortisation expense	6(21)	4,402	3,863
Expected credit losses	12(2)	( 547 )	126
Net gain on financial assets at fair value through profit or loss	6(2)(19)	( 70,896 )	( 136 )
Interest expense	6(20)	1,289	870
Interest income	6(17)	( 51,100 )	( 41,584 )
Dividend revenue	6(18)	( 11,138 )	( 9,985 )
Gain on lease modification	6(7)(19)	( 8 )	( 549 )
Gain (loss) on disposals of property, plant and equipment	6(19)	7,683	1,135
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		101,629	879,030
Accounts receivable, net		( 193,047 )	14,709
Other receivables		938	269
Inventories		82,929	( 103,994 )
Prepayments		16,116	( 26,676 )
Other current assets		( 9,598 )	( 5 )
Changes in operating liabilities			
Current contract liabilities		( 6,639 )	( 29,640 )
Notes payable		( 118,034 )	190,809
Notes payable - related parties		1,120	( 372 )
Accounts payable		( 89,333 )	( 45,874 )
Other payables		( 49,348 )	( 96,057 )
Other current liabilities, others		1,045	( 370 )
Net defined benefit liability		5,166	( 3,228 )
Cash inflow generated from operations		1,038,243	2,033,202
Interest paid		( 1,289 )	( 870 )
Income taxes paid		( 322,221 )	( 538,474 )
Net cash flows from operating activities		<u>714,733</u>	<u>1,493,858</u>

(Continued)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of financial assets at fair value through profit or loss	12(3)	( \$ 1,794,332 )	( \$ 1,675,704 )
Proceeds from disposal of financial assets at fair value through profit or loss	12(3)	1,428,874	1,743,398
Acquisition of financial assets at amortised cost		( 384,475 )	( 782,924 )
Proceeds from disposal of financial assets at amortised cost		792,372	285,887
Acquisition of property, plant and equipment (include prepayments for equipment)	6(25)	( 223,252 )	( 252,728 )
Acquisition of investment property	6(9)	( 3,490 )	( 520 )
Proceed from disposal of property, plant and equipment		1,079	4,789
Decrease in refundable deposits		( 495 )	1,205
Decrease in other non-current assets, others		( 320 )	11,783
Interest received		53,687	36,512
Dividends received		11,138	9,985
Net cash flows used in investing activities		( 119,214 )	( 618,317 )

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayments of short-term debt		( 9,170 )	-
Increase in short-term debt		9,170	-
Decrease (increase) in guarantee deposits received	6(26)	4,272	( 6,353 )
Payments of lease liabilities	6(26)	( 3,785 )	( 5,132 )
Cash dividend paid	6(14)	( 272,927 )	( 512,937 )
Dividends paid to non-controlling interests	4(3)	( 117,717 )	( 276,190 )
Expired unclaimed dividends transferred to capital surplus		53	447
Purchase of treasury shares	6(12)	-	( 15,755 )
Net cash flows used in financing activities		( 390,104 )	( 815,920 )
Effect of exchange rate changes on cash and cash equivalents		( 41,821 )	63,620
Net increase in cash and cash equivalents		163,594	123,241
Cash and cash equivalents at beginning of year		2,767,084	2,643,843
Cash and cash equivalents at end of year		<u>\$ 2,930,678</u>	<u>\$ 2,767,084</u>

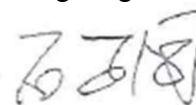
# **Audit Committee's Review Report of 2023 Annual Accounting Final Statements**

## **Audit Committee's review report**

The Board of Directors has prepared the 2023 business report, financial statements, and earnings distribution proposal, etc., among which the financial statements have been audited by Ernst & Young, Chi-Ming Chang and Mao-Yi Hung, Certified Public Accountants, by which an independent auditors' report thereon has been issued. The above business report, financial statements and earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your examination.

Hsing Ta Cement Co., Ltd.

Convener of the Audit Committee: Zhengtong Shi



March 13, 2024

## 2023 Distribution Report of Employees' Compensation and Directors' Remuneration

1. The total amount of NTD \$17,829,29 shall be distributed in cash as employees' compensation.
2. The total amount of NTD \$35,659,657 shall be distributed in cash as Directors' remuneration.

## Endorsements and Guarantees

As of December 31, 2022, the Company's aggregate balance of endorsement and guarantee was not more than the Company's net asset value based on the latest financial statements and the total endorsement and guarantee for a single enterprise was not more than 50 percent of the Company's net asset value based on the latest financial statements, both of which were in accordance with the Rules of Procedure of Endorsement and Guarantee. The list of details is as follows:

(Thousand \$NT)

Name of the company for which the Company provided endorsements or guarantees	Endorsement and guarantee limit for a single enterprise by Hsing Ta	Endorsement and guarantee amount at the end of the period
HSIN I READY MIXED CONCRETE CO., LTD.	4,058,839	321,176

## 2023 Earnings Distribution Table

HSING TA CEMENT CO., LTD  
2023 Earnings Distribution Statement



(Unit: \$NT)

Unappropriated earnings at the beginning of the period	2,410,489,634
Add Remeasurement of defined benefit plans for 2023	(4,574,787)
(Less):	
Net income after tax for 2023	685,884,557
Provision of special reserve	(56,670,941)
Provision of legal reserve	(68,130,977)
Earnings available for distribution for the period	2,966,997,486
Less: Cash dividends to shareholders (\$1.2 per share)	(409,390,642)
Unappropriated earnings at the end of the period	2,557,606,844

Chairman of BOD : Yang Jee-Shing



General manager : Yang Ta-Kuan



Accounting manager : Tsai Su-Chiu



## Appendix

### Rules of Procedure for Shareholders' Meeting of Hsing Ta Cement Co., Ltd.

The amended version approved on June 16, 2017.

- I. Unless otherwise provided by laws, the shareholders' meeting of the Company shall be conducted in accordance with these Rules.
- II. The Company shall furnish a signature book for the attending shareholders to sign in, or the attending shareholders shall submit a sign-in card as an alternative.

The number of shares in attendance shall be calculated based on the number of shares in the signature book or the number of shares represented by the sign-in cards submitted plus the number of shares for which voting rights are exercised by electronic means.
- III. Attendance and voting at shareholders' meetings shall be counted based on numbers of shares
- IV. The shareholders' meeting shall be held at the location where the Company is situated or at such place as may be convenient for shareholders to attend and suitable for holding shareholders' meeting. The meeting shall commence no earlier than 9:00 a.m. or later than 3:00 p.m.
- V. If the shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or unable to exercise the powers as the chair for any reason, the Chairman shall designate one of the directors to act as the meeting chair. Where the Chairman fails to make such a designation, the directors shall select, from among themselves, one person to serve as the meeting chair.

Where the shareholders' meeting is convened by a party with the convening right other than the Board of Directors, the party with the convening right shall chair the meeting.
- VI. The Company may appoint its attorneys, CPAs, or relevant persons delegated by the Company to attend the shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of the shareholders' meeting shall wear an identification badge or an armband.
- VII. The Company shall make an audio and video recording of the entire process of the shareholders' meeting shall keep such recording for at least one year.
- VIII. The meeting chair shall call the meeting to order upon the meeting time.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the meeting chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. When there are still insufficient attending shareholders representing more than one-third of the total

issued shares after two postponements, a tentative resolution may be adopted in accordance with Paragraph 1, Article 175 of the Company Act

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the meeting chair may resubmit the tentative resolution for a vote by the shareholders' meeting pursuant to Article 174 of the Company Act.

- IX. If the shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution by the shareholders' meeting.

Where the shareholders' meeting is convened by a party with the convening right other than the Board of Directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

The meeting chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extempore motions), except by a resolution by the shareholders' meeting.

After the meeting is adjourned, shareholders may not nominate another meeting chair or seek another venue for continuation of the meeting. If the meeting chair declares the meeting adjourned in violation of the rules of procedure, a new meeting chair shall be elected with the consent of a majority of the voting rights represented by the attending shareholders to continue the meeting.

- X. Before speaking, attending shareholders shall specify on a speaker's slip the major points of the speech, their shareholder account numbers and account names. The order in which shareholders speak will be determined by the meeting chair.

Attending shareholders who have submitted a speaker's slip but do not actually speak shall be deemed to have not spoken. When the content of the speech is not in alignment with that specified on the speaker's slip, the content of the speech shall prevail.

Attending shareholders may not interfere with the speaking shareholder without the consents of the meeting chair and the speaking shareholder. The meeting chair shall have the violating shareholders stopped.

- XI. Except with the consent of the meeting chair, a shareholder may not speak more than twice on the same motion, and a single speech may not exceed 5 minutes; If the shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the motion, the meeting chair may terminate the speech.
- XII. When an institution is entrusted to attend the shareholders' meeting, only one representative can be appointed to attend by the institution.

When an institutional shareholder appoints two or more representatives to

attend the shareholders' meeting, only one of the representatives may speak on the same motion.

- XIII. After an attending shareholder has spoken, the meeting chair may respond in person or direct relevant personnel to respond.
- XIV. When the meeting chair is of the opinion that a motion has been sufficiently discussed to the extent that it can be put to a vote, the meeting chair may announce the discussion closed and call for a vote.
- XV. Vote monitoring and counting personnel for the voting on motions shall be appointed by the meeting chair, whereas all the vote monitoring personnel be shareholders of the Company. The results of the voting shall be announced on-site at the meeting and recorded.
- XVI. When a meeting is in progress, the meeting chair may announce a break based on time considerations.
- XVII. Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a motion shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.  
At the time of a vote, if a shareholder exercising his/her voting right by electronic means does not object to the motion, and if the other shareholders in attendance, after being inquired by the meeting chair, have no objection thereto, the motion shall be deemed passed with the same effect as a vote.
- XVIII. When there is an amendment or an alternative to a motion, the meeting chair shall present the amended or alternative motion together with the original motion and decide the order in which they will be put to a vote. When any one among them is passed, the other motions will then be deemed rejected and no further voting shall be required.
- XIX. The meeting chair may direct proctors or security personnel to help maintain order at the meeting premises. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband, bearing the word "Proctor."
- XX. The Rules, and the subsequent amendments thereto, shall come into effect after being approved by the shareholders' meeting.

# Articles of Incorporation of Hsing Ta Cement Co., Ltd.

The amended version approved on June 20, 2023.

## Chapter 1 General Provisions

- Article 1: The Company is organized in accordance with the provisions of the Company Act as a company limited by shares and is named Hsing Ta Cement Co., Ltd.
- Article 2: The Company is headquartered in Taipei City, and may establish branches, representative offices, mines, or manufacturing and processing plants in domestic and foreign cities as necessary by resolution of the Board of Directors.
- Article 3: The Company's business item is ZZ99999 - All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 4: (Deleted)
- Article 5: The Company may provide external guarantee for business needs.
- Article 5-1: The Company's investment in other businesses shall not be subject to the limitations on the total amount of investment in other businesses as prescribed by the Company Act. However, long-term equity investment shall be resolved by the Board of Directors.

## Chapter 2 Shares

- Article 6: The total capital of the Company is set at NT\$5,400,000,000, divided into 540,000,000 shares with a par value of NT\$10 each, of which the unissued shares shall be issued by the Board of Directors in installments according to the business needs of the Company.

### Chapter 6-1: Deleted

- Article 7: The Company's shares shall be in registered form, signed or sealed by at least three directors, and issued after being certified by the competent authority or the institution which the competent authority has approved to certify the issuance of shares in accordance with the laws.  
The Company may be exempted from printing share certificates for the issued shares and shall register with the centralized securities depository institution.
- Article 8: Shareholders shall send the specimen of their seals to the Company for registration, and the same shall apply to any subsequent changes thereof. In exercising all their rights to the Company, the shareholders must use the seals they have registered with the Company.
- Article 9: Unless otherwise provided by laws and securities regulations, the Company shall comply with the "Regulations Governing the Administration of Shareholder Services of Public Companies" in handling shareholder's affairs such as transfer of shares, creation of pledges of rights, reporting loss of share certificates, inheritance, offering of shares as gift, reporting loss of seals, and change of seals or address.
- Article 10: The transfer of shares shall be suspended within 60 days prior to a regular shareholders' meeting, within 30 days prior to an extraordinary

shareholders' meeting, or within 5 days prior to the base date on which the Company decides to distribute dividends and bonuses or other benefits.

### Chapter 3 Shareholders' Meeting

- Article 11: There are two types of shareholders' meeting: regular and extraordinary meeting. The regular meeting shall be convened at least once per year within six months after the end of each fiscal year, with all shareholders notified 30 days in advance. An extraordinary meeting may be convened at any time as needed, with all shareholders notified 15 days in advance. The foregoing notice shall specify the date, the location, and the causes and reasons for the meeting.
- The Company's shareholders' meetings may be held by video conference or other means announced by the competent authorities.
- Unless otherwise provided by Company Act, the Board of Directors shall convene the shareholders' meetings of the Company.
- Article 12: If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a proxy to attend the shareholders' meeting by issuing a proxy form provided by the Company stating the scope of authorization. When a person acts as the proxy for two or more shareholders, the voting rights represented by the proxy should not exceed 3% of the total voting rights of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the counting.
- Unless otherwise provided by the Company Act, the rules for shareholders' attendance by proxy shall be handled in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.
- Article 13: The Chairman of the Board of Directors shall be the meeting chair except as otherwise provided in the Company Act. When the Chairman is on leave or unable to exercise the powers as the chair for any reason, the Chairman shall designate one of the directors to act as the meeting chair. Where the Chairman fails to make such a designation, the directors shall select, from among themselves, one person to serve as the meeting chair. The shareholders' meetings of the Company shall be conducted in accordance with the Rules of Procedure for Shareholders' Meetings of the Company.
- Article 14: Unless otherwise provided for in the Company Act, the Company's shareholders shall be entitled to one voting right per share held.
- When the Company holds the shareholders' meeting, it shall allow shareholders to exercise their voting rights in writing or by electronic means, and the manner of exercising voting rights in such means shall be governed in accordance with the provisions of the Company Law and the regulations of the competent authorities.
- Article 15: Unless otherwise provided for in the Company Act, resolutions of the shareholders' meeting shall be made with the presence of shareholders representing a majority of the total number of issued shares, and the consent of a majority of the shareholders' voting rights in attendance.
- Article 16: Resolutions adopted at the shareholders' meeting shall be recorded in the

minutes of the meeting, which shall be signed or affixed with the seal of the meeting chair and shall be distributed to all shareholders within 20 days after the close of the meeting.

The distribution of the foregoing minutes of meeting shall be governed by the provisions of the Company Act.

The minutes of meeting should correctly record the year, month, day, location, name of the meeting chair, voting method, the essentials of the proceedings and the results. The minutes of meeting are to be kept permanently during the Company's existence.

The signature books of the attending shareholders and the proxy forms for proxy attendance shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the above records shall be retained until the conclusion of the litigation.

#### Chapter 4 Directors, Audit Committee

Article 17: The Company shall have 9 directors (of which no fewer than 3 shall be independent directors), who are elected from the list of candidates by the shareholders' meeting under the candidate nomination system in accordance with Article 192-1 of the Company Act. The term of office of the directors shall be three years, and the directors shall be eligible for re-election.

The total number of shares of the Company's registered shares held by all directors is determined in accordance with the criteria set forth in the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

The professional qualifications, shareholdings, restrictions on concurrent employment, determination of independence, nomination and election of independent directors and other matters to be followed shall be in accordance with the relevant regulations of the competent authorities.

The election of directors shall be conducted in accordance with the provisions of Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together, with the numbers of elects separately calculated for independent and non-independent directors. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially as independent and non-independent directors.

The Company may purchase liability insurance for directors during their term of office in respect of their liability under the law for the scope of their execution of business.

Article 17-1: The Company shall establish an Audit Committee consisting of all independent directors, one of whom shall be the convener and at least one of whom shall have accounting or financial expertise.

The Audit Committee shall be responsible for the execution of the duties and responsibilities of supervisors as prescribed by the Company Act, the Securities and Exchange Act, and other laws and regulations.

The members of the Audit Committee, the exercise of their duties and other matters to be complied with shall be in accordance with the relevant

laws and regulations or the Company's Articles of Incorporation, and its Charter shall be separately determined by the Board of Directors.

Article 18: The directors shall organize the Board of Directors, and one of the directors should be elected from among themselves as the Chairman to manage all the businesses of the Company internally and to represent the Company externally.

Article 19: A meeting of the Board of Directors of the Company shall be called with all directors notified 7 days in advance. However, in case of emergency, a meeting may be called at any time.

The meeting notice in the preceding paragraph shall be given in writing, by e-mail or by facsimile, stating the causes and reasons for the meeting.

The meeting of the Board of Directors shall be convened by the Chairman. The Chairman of the Board of Directors shall be the meeting chair of the Board meeting. When the Chairman is on leave or unable to exercise the powers as the chair for any reason, the Chairman shall designate one of the directors to act as the meeting chair. Where the Chairman fails to make such a designation, the directors shall select, from among themselves, one person to serve as the meeting chair.

If a meeting of the Board of Directors is held by video conference, the directors who participate in the meeting by video are deemed to be present in person.

If a director is unable to attend a meeting for any reason, he or she may appoint another director to attend the meeting as proxy by issuing a proxy form stating the scope of authorization.

Article 20: Except as otherwise stated in the Company Act, a resolution of a meeting of the Board of Directors meeting shall be made with the presence of a majority of all directors and the approval of a majority of the directors in attendance.

Article 21: Deleted.

Article 22: The remuneration for directors is authorized to be determined by the Board of Directors in accordance with the standard normally adopted in the industry. The travel expenses of the directors shall be determined by the Board of Directors.

#### Chapter Managerial Officers and Employees

Article 23: The Company shall have a general manager, and a number of deputy general managers, senior managers and managers, who shall be appointed and dismissed by the Board of Directors in accordance with the laws by the presence of a majority of all directors and the consent of a majority of the directors present.

The general manager shall manage the daily affairs of the Company in accordance with the resolution of the Board of Directors.

Article 24: The Company may employ a chief engineer who shall be proposed by the Chairman to the Board of Directors for appointment and dismissal.

#### Chapter 6 Accounting

Article 25: The fiscal year of the Company shall commence on January 1 and end on

December 31 of each year. At the end of each fiscal year, the Board of Directors shall prepare the following reports and submit them to the regular shareholders' meeting for adoption.

I. Business report

II. Financial statements.

III. Earnings distribution or losses make-up proposal

Article 26: The Company shall set aside 1% to 3% of its annual profit as profit-sharing remuneration for employees and not more than 5% as profit-sharing remuneration for directors of the Company for each year in which the Company makes a profit. The proposal for Profit-sharing remuneration for employees and profit-sharing remuneration for directors shall be resolved by the Board and reported to the shareholders' meeting. However, when the Company still has accumulated losses, it should reserve the losses make-up amount in advance.

Article 26-1: If the Company has surplus earnings in a year at the conclusion of the year-end accounting close, in addition to paying income tax in accordance with the law, the Company shall first make up for the losses of prior years, then set aside 10% of the remaining earnings as legal reserve, and if necessary, provide for special reserve or keep them in retained earnings, and for the remaining earnings, together with the unappropriated earnings at the beginning of the period, the Board of Directors shall prepare an earning distribution proposal to be resolved by the shareholders' meeting to distribute shareholders' dividends.

In accordance with the regulations of the competent authorities, if the Company has unrealized losses on decline in value of long-term equity investments, cumulative translation adjustments, or other deductions on reduce shareholders' equity, the Company should first set aside a special reserve of the same amount within the following limits before distributing the earnings:

- I. The amount of special reserve provided for deduction on shareholders' equity incurred during the current year should not exceed the sum of the after-tax earnings of the current year and the accumulated unappropriated earnings of prior years.
- II. The amount of the deduction on shareholders' equity incurred during prior years shall not exceed the accumulated unappropriated earnings of prior years after deducting the amount set forth in Subparagraph 1.

If a reversal of the reduction on shareholders' equity occurs in a subsequent year, the reversed amount may be distributed as earnings. As the Company is in a mature industry, unless there is an actual needs for capital expenditures for future corporate development or financial planning, cash dividends, in principle, should not be less than 10% of shareholders' bonus for the year.

#### Chapter 7 Supplementary Provisions

Article 27: The Company's Articles of Incorporation and administrative regulations shall be formulated separately.

Article 28: Matters not covered in the Articles of Incorporation shall be handled in

accordance with the provisions of the Company Act and other relevant laws and regulations.

Article 29: The Articles of Incorporation were established on March 15, 1964. The first amendments were made on April 12, 1966. The second amendments were made on August 15, 1966. The third amendments were made on May 20, 1967. The fourth amendments were made on April 10, 1972. The fifth amendments were made on October 4, 1973. The sixth amendments were made on March 21, 1974. The seventh amendments were made on November 20, 1974. The eighth amendments were made on April 15, 1975. The ninth amendments were made on August 20, 1975. The tenth amendments were made on December 22, 1975. The eleventh amendments were made on November 1, 1977. The twelfth amendments were made on July 21, 1979. The thirteenth amendments were made on October 2, 1979. The fourteenth amendments were made on May 22, 1980. The fifteenth amendments were made on November 17, 1982. The sixteenth amendments were made on 11 June 1983. The seventeenth amendments were made on October 29, 1983. The eighteenth amendments were made on June 16, 1984. The nineteenth amendments were made on 15 June 1985. The twentieth amendments were made on July 1, 1987. The twenty-first amendments were made on June 11, 1988. The twenty-second amendments were made on February 19, 1990. The twenty-third amendments were made on 17 April 1990. The twenty-fourth amendments were made on 26 May 1990. The twenty-fifth amendments were made on 24 May 1991. The twenty-sixth amendments were made on 14 May 1992. The twenty-seventh amendments were made on 25 May 1993. The twenty-eighth amendments were made on 24 May 1995. The twenty-ninth amendments were made on 26 May 2000. The thirtieth amendments were made on June 14, 2002. The thirty-first amendments were made on May 30, 2003. The thirty-second amendments were made on June 14, 2005. The thirty-third amendments were made on June 9, 2006. The thirty-fourth amendments were made on June 18, 2010. The thirty-fifth amendments were made on June 22, 2012. The thirty-sixth amendments were made on June 28, 2013. The thirty-seventh amendments were made on June 12, 2014. The thirty-eighth amendments were made on June 18, 2015. The thirty-ninth amendments were made on June 22, 2016. The fortieth amendments were made on June 16, 2017. The forty-first amendments were made on June 21, 2018. The forty-second amendment on June 20, 2023. The Articles of Incorporation shall come into effect from the date of resolution of the shareholders' meeting. The same applies to any subsequent amendments.

## Regulations Governing the Election of Directors of Hsing Ta Cement Co., Ltd

The amended version approved on June 21, 2018.

Article 1: The Regulations are hereby formulated in accordance with the provisions of the Company Act and the Company's Articles of Incorporation, and the election of directors of the Company shall be conducted in accordance with the Regulations.

Article 2: The election of directors of the Company shall be conducted at the shareholders' meeting.

Article 3: The election shall be conducted with registered ballots, which shall be prepared by the Board of Directors and attached to the agenda for distribution to the shareholders in attendance.

Article 4: For the election of directors of the Company, each share shall have the same number of voting rights as the number of directors to be elected, and the Board of Directors shall prepare and distribute to the shareholders voting ballots equal to the number of directors to be elected.

The foregoing ballots may be cast for a single candidate or may be split among several candidates.

Article 5: The directors of the Company shall be elected by the shareholders' meeting from persons with the ability to act, and shall be elected together in accordance with the number of directors specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent directors. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially. In the event that two or more candidates receive the same number of voting rights, thus exceeding the specified number of directors, those receiving the same number of voting rights shall draw lots to determine the winner, and the meeting chair shall draw lots on behalf of those who are not in attendance.

The Company adopts the candidate nomination system for the election of independent directors in accordance with Article 192-1 of the Company Act, and the qualifications, restrictions, criteria for independence and other matters of the independent directors shall be in compliance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and other relevant laws and regulations.

If a candidate for independent director of the Company has served as an independent director of the Company for three or more consecutive terms, the Company shall declare the reasons for continuing to nominate

the candidate for independent director when announcing the review results, and shall elaborate the forgoing reasons to the shareholders when conducting the election at the shareholders' meeting.

Article 6: Ballots prepared by the Board of Directors shall be numbered according to the attendance card with the number of voting rights of each shareholder specified.

Article 7: At the beginning of the election, the meeting chair shall appoint a number of vote monitoring and counting personnel to perform the relevant tasks.

Article 8: The ballot box for the election shall be prepared by the Board of Directors and shall be opened for examination in public by the vote monitoring personnel before the voting is taken.

Article 9: If the candidate is a shareholder, the voter shall enter the candidate's account name and shareholder account number in the designated area on the ballot; if the candidate is not a shareholder, its name and ID or GUI number shall be entered on the ballot. However, when a government agency or an institutional shareholder is the candidate, its name or the name of its representative, if applicable, shall be entered in the designated field on the ballot. When there are several representatives, the names of the representatives shall be entered one by one.

Article 10: A ballot is invalid under any of the following circumstances:

- I. The ballot is not prepared in accordance with the Regulations.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or the alteration is not corrected according to the rules.
- IV. If the candidate is a shareholder, its name and shareholder account number filled in do not match with the shareholder roster; if the candidate is not a shareholder, its name and ID or GUI number do not match by verification.
- V. If the number of candidates listed on the same ballot exceeds the number of directors to be elected or if the total number of voting rights listed exceeds the number of voting rights held by the voter.
- VI. Other words are entered than the candidate's name or shareholder account number (ID or GUI number) and the number of voting rights allotted.
- VII. The candidate's name or shareholder account number (ID or GUI number) is the only information entered on the ballot.

- Article 11: A ballot box shall be set up for the election of directors. After the votes have been cast, the vote monitoring and counting personnel will open the ballot box together.
- Article 12: Vote counting shall be supervised by the vote monitoring personnel. If there is any doubt about any ballot, the vote monitoring personnel shall verify whether the ballot is invalid and, after verification, sign and corroborate the invalid ballot with the word "invalid". After verifying the total number of valid and invalid ballots, the vote counting personnel will fill in the number of voting rights in the record sheet and sign it with the vote monitoring personnel, and then hand it over to the meeting chair to announce the election results on the spot.
- Article 13: The Board of Directors shall issue a notice of election to each of the director elect.
- Article 14: The Regulations, and the subsequent amendments thereto, shall come into effect after being approved by the shareholders' meeting.

**Current Directors' Shareholdings are as follows on April 21, 2024:**

Title	Name	Appointment Date	Number of Shares Held at the Time of Appointment			Shareholding now			Note
			Stock Class	Number of Shares	%	Stock Class	Number of Shares	%	
Chairman	Yang Jee-Shing	2021.07.09	Common shares	34,426,166	10.07	Common shares	34,905,166	10.23	-
Director	Yang Chung-Hsiung	2021.07.09	Common shares	41,528,048	12.14	Common shares	41,528,048	12.17	-
Director	Yang Ren-Hsiung	2021.07.09	Common shares	36,108,783	10.56	Common shares	36,108,783	10.58	
Director	Yang Da-Qin	2021.07.09	Common shares	8,145,934	2.38	Common shares	8,145,934	2.39	-
Director	Lin Hua-ling	2021.07.09	Common shares	3,188,620	0.93	Common shares	3,214,620	0.94	
Director	Turbo Investment Co., Ltd. Representative: Yang Po-Wei	2021.07.09	Common shares	50,000	0.01	Common shares	50,000	0.01	-
Independent director	Chen Zheng-ting	2021.07.09	Common shares	0	0.00	Common shares	0	0.00	-
Independent director	Wu Ruei-Tai	2021.07.09	Common shares	0	0.00	Common shares	0	0.00	
Independent director	Shih Cheng-Tung	2021.07.09	Common shares	0	0.00	Common shares	0	0.00	-
Total				123,447,551		Common shares	123,952,551		

Total shares in issue as of July 09, 2021: 341,957,868 shares

Total shares in issue as of April 21, 2024: 341,158,868 shares

Note:

Total Number of Shares shall be held by all Directors pursuant to the law: 13,646,354.

Total Number of Shares held by all Directors as of April 21, 2024:123,952,551.

The shareholdings of Independent Directors of the Company shall not be counted in the total of the shareholdings of Directors. All Directors' shareholdings of the Company shall be in accordance with the percentage of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".

