Universal Cement Corporation

Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

We have audited the accompanying financial statements of Universal Cement Corporation (the Corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2020 is stated as follows:

<u>Occurrence of sales of concrete products</u>

Refer to Note 4(13) and Note 22, the Corporation mainly manufactures and sells cement, ready mixed concrete and gypsum board panels. The sales amount of some concrete products changed greatly in 2020 and the change can be due to changes in volume or price or both. Sales is the main source of the Corporation's revenue and has a material impact on the Corporation's financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Chao Chin Yang and Lee Yuan Kuo

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 23, 2021

__Notice to Readers__

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

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

Universal Cement Corporation

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 125,182	1	$ 137,066	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	1,851,633	8	1,961,744	9
Financial assets at amortized cost - current (Notes 4, 8, 9 and 31)	67	-	5,670	
Contract assets - current (Notes 4 and 22)	5,578	-	3,505	-
Contract assets from related parties - current (Notes 4, 22 and 30)	4,228	-	8,746	-
Notes receivable (Notes 4 ,10 and 22)	362,052	2	317,895	2
Net Accounts receivable (Notes 4,10 and 22)	796,302	3	746,609	3
Accounts receivable from related parties (Notes 4, 10,22 and 30)	52,308	-	36,812	
Other receivables (Notes 4 and 30)	592	-	10,741	-
Inventories (Notes 4 and 11)	247,290	1	218,967	1
Prepayments	45,918	-	19,758	-
Other current assets	5,159	-	7,343	-
Total current assets	3,496,309	15	3,474,856	16
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	1,419,292	6	1,349,156	6
Financial assets at amortized cost - non-current (Notes 4, 8, 9 and 31)	15,195	-	26,356	-
Investments accounted for using equity method (Notes 4 and 12)	10,808,078	47	10,257,953	46
Property, plant and equipment (Notes 4 and 13)	6,414,931	28	5,920,949	26
Right - of - use assets (Notes 4 and 14)	27,007		34,827	-
Investment properties (Notes 4 and 15)	194,028	1	618,697	3
Other intangible assets (Notes 4 and 16)	7,611	-	7,452	-
Deferred tax assets (Notes 4 and 24)	5,344	-	605	-
Prepayments for equipment(Notes 13)	640,952	3	732,796	3
Other non-current assets	380	-	380	-
Total non-current assets	19,532,818	85	18,949,171	84
TOTAL	$ 23,029,127	100	$ 22,424,027	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 1,285,000	6	$ 1,100,000	5
Short-term bills payable (Note 4 and 17)	1,039,284	5	1,298,928	6
Contract liabilities - current (Notes 4 and 22)	565	-	4,976	-
Notes payable (Note 18)	209		570	
Accounts Payable (Note 18)	471,001	2	454,894	2
Accounts Payable to related parties (Notes 18 and 30)	52,662	-	46,651	-
Dividend payable			22,487	
Other payables (Note 19 and 30)	268,209	1	219,357	1
Current tax liabilities (Notes 24)	46,077	-	46,978	-
Lease liabilities - current (Notes 4, 14 and 30)	16,897	-	17,976	-
Other current liabilities (Note 19)	18,682	-	27,712	-
Total current liabilities	3,198,586	14	3,240,529	15
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	1,089,408	5	1,090,950	5
Lease liabilities - non-current (Notes 4, 14 and 30)	10,315		17,006	-
Guarantee deposits	8,432	-	8,362	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	66,159	-	83,723	
Total non-current liabilities	1,174,314	5	1,200,041	5
Total liabilities	4,372,900	19	4,440,570	20
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Capital stock - common stock	6,536,092	29	6,536,092	29
Capital surplus	65,822	-	41,430	-
Retained earnings				
Legal reserve	2,491,500	11	2,377,952	11
Special reserve	3,185,793	14	3,185,793	14
Unappropriated earnings	5,838,490	25	5,449,899	24
Total retained earnings	11,515,783	50	11,013,644	49
Other equity	538,530	2	392,291	2
Total equity	18,656,227	81	17,983,457	80
TOTAL	$ 23,029,127	100	$ 22,424,027	100

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

Universal Cement Corporation

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 30)	$ 4,495,516	100	$ 4,149,136	100
OPERATING COSTS (Notes 11, 20, 23 and 30)	3,693,613	82	3,653,929	88
GROSS PROFIT	801,903	18	495,207	12
OPERATING EXPENSES (Notes20, 23 and 30)				
Selling and marketing expenses	105,770	2	118,014	3
General and administrative expenses	157,467	3	150,089	4
Research and development expenses	68,246	2	66,680	1
Expected credit loss	536	-	2,086	-
Total operating expenses	332,019	7	336,862	8
PROFIT FROM OPERATIONS	469,884	11	158,345	4
NON-OPERATING INCOME AND EXPENSES (Notes12, 23 and 30)				
Interest income	273		565	
Other income	178,891	4	174,446	4
Other gains and losses	(98,927)	(2)	(14,052)	-
Interest expenses	(23,044)	(1)	(22,335)	-
Share of profit or loss of associates	754,312	17	890,939	21
Total non-operating income and expenses	811,505	18	1,029,563	24
PROFIT BEFORE INCOME TAX	1,281,389	29	1,187,908	28
INCOME TAX EXPENSE (Notes 4 and 24)	34,137	1	52,431	1
NET PROFIT FOR THE YEAR	1,247,252	28	1,135,477	27
OTHER COMPREHENSIVE INCOME (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,712)	-	10,257	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(28,404)	(1)	119,082	3
Share of the other comprehensive income or loss of associates accounted for using the equity method	(346)	-	42,449	1

(Continued)

Universal Cement Corporation

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss	$ 1,542	-	$ (2,051)	-
	(34,920)	(1)	167,737	4
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of associates accounted for using the equity method	114,138	3	(353,086)	(8)
	114,138	3	(353,086)	(8)
Other comprehensive income (loss) for the year, net of income tax	79,218	2	(183,349)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,326,470	30	$ 952,128	23
EARNINGS PER SHARE (Note 25)				
Basic	$ 1.91		$ 1.74	
Diluted	$ 1.90		$ 1.73	

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

(Concluded)

Universal Cement Corporation

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity					
	Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	other	Total	Total Equity
BALANCE AT JANUARY 1, 2019	$ 6,536,092	$ 41,265	$ 2,272,223	$ 3,185,793	$ 5,104,308	($ 653,350)	$ 1,184,048	$ 44,942	$ -	$ 575,640	$ 17,715,321
Appropriation of 2018 earnings (Note 21)											
Legal reserve	-	-	105,729	-	(105,729)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)
Changes in recognition of associates accounted for using equity method	-	165	-	-	(30,548)	-	-	-	-	-	(30,383)
Net profit for the year ended December 31, 2019	-	-	-	-	1,135,477	-	-	-	-	-	1,135,477
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(353,086)	158,643	11,094	-	(183,349)	(183,349)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,135,477	(353,086)	158,643	11,094	-	(183,349)	952,128
BALANCE AT DECEMBER 31, 2019	6,536,092	41,430	2,377,952	3,185,793	5,449,899	(1,006,436)	1,342,691	56,036	-	392,291	17,983,457
Appropriation of 2019 earnings (Note 21)											
Legal reserve	-	-	113,548	-	(113,548)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 26)	-	418	-	-	-	-	-	-	-	-	418
Changes in recognition of associates accounted for using equity method	-	1,491	-	-	(7,266)	-	-	-	(17,217)	(17,217)	(22,992)
Overdue dividends not collected by shareholders	-	22,483	-	-	-	-	-	-	-	-	22,483
Net profit for the year ended December 31, 2020	-	-	-	-	1,247,252	-	-	-	-	-	1,247,252
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	114,138	(29,936)	(4,984)	-	79,218	79,218
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,247,252	114,138	(29,936)	(4,984)	-	79,218	1,326,470
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 7 and 21)	-	-	-	-	(84,238)	-	84,238	-	-	84,238	-
BALANCE AT DECEMBER 31, 2020	$ 6,536,092	$ 65,822	$ 2,491,500	$ 3,185,793	$ 5,838,490	($ 892,298)	$ 1,396,993	$ 51,052	($ 17,217)	$ 538,530	$ 18,656,227

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

Universal Cement Corporation

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax		
Income before income tax	$ 1,281,389	$ 1,187,908
Adjustments for:		
Depreciation expenses	93,211	92,223
Amortization expenses	1,511	1,522
Expected credit loss recognized	536	2,086
Interest expenses	23,044	22,335
Interest income	(273)	(565)
Dividend income	(137,256)	(129,622)
Share of profit of associates	(754,312)	(890,939)
Loss (Gain) on disposal of property, plant and equipment net	(328)	170
Gain on disposal of investment properties	(8,579)	
Gain on lease modification	(3)	
Impairment loss on assets	103,012	
Changes in operating assets and liabilities		
Contract assets (Including related parties)	3,056	(870)
Notes receivable	(44,157)	15,166
Accounts receivable (Including related parties)	(66,336)	(92,055)
Other receivables	10,149	57,020
Inventories	(28,323)	10,108
Prepayments	(26,160)	(10,473)
Other current assets	2,184	(666)
Contract liabilities	(4,411)	663
Notes payable (Including related parties)	(361)	(16,625)
Accounts payable (Including related parties)	22,118	9,103
Other payables	27,951	24,384
Other current liabilities	(9,030)	10,267
Net defined benefit liability	(25,276)	(18,579)
Cash generated from operations	463,356	272,561
Interest received	273	579
Dividends received	504,481	490,862
Income tax paid	(39,777)	(66,088)
Net cash generated from operating activities	928,333	697,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through other comprehensive income	(9,468)	(29,924)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	21,039	-
Increase in financial assets at amortized cost	(9,683)	(19,646)
Decrease in financial assets at amortized cost	26,447	13,426
Acquisitions of investments accounted for using equity method	(71,820)	(50,000)

(Continued)

Universal Cement Corporation

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Payments for property, plant and equipment	(152,316)	(237,441)
Refunds from disposal of property, plant and equipment	330	-
Payments for intangible assets	$ (1,670)	$ (1,101)
Refunds from disposal of investment properties	28,364	-
Net cash used in investing activities	(168,777)	(324,686)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	185,000	255,000
Increase (decrease) in short-term bills payable	(260,000)	100,000
Proceeds from guarantee deposits received	200	1,603
Refund of guarantee deposits received	(130)	(1,666)
Repayment of the principal portion of lease liabilities	(20,141)	(18,184)
Dividends paid to owners of the Company	(653,613)	(653,611)
Interest Paid	(22,756)	(22,943)
Net cash used in financing activities	(771,440)	(339,801)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,884)	33,427
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	137,066	103,639
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 125,182	$ 137,066

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

(Concluded)

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Company's board of directors on March 23, 2021.

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

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

   Except for the following, the application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation's accounting policies:

   <u>Amendments to IAS 1 and IAS 8 "Definition of Materiality"</u>

   The Corporation initially applied the amendments from January 1, 2020 to use "those that may be reasonably estimated to affect users" as the threshold for materiality, adjust disclosures in the financial report, and delete immaterial information that may hinder the material information.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective on the date of issuance
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform – Stage 2"	Effective from the annual reporting period starting after January 1, 2021
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	Effective from the annual reporting period starting after June 1, 2020

   As of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the

Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements for 2018 to 2020 Cycle"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Amendments to References to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2023 (Note 4)
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2023 (Note 5)

Note 1：Except for otherwise stated, the newly issued/revised/amended standards or interpretations become effective after the annual reporting period starting on the respective dates.

Note 2：The amendments to IFRS 9 are applicable to the exchange of financial liabilities or the amendments to terms from the annual reporting period starting after January 1, 2022. The amendments to IAS 41 "Agriculture" are applicable to the fair value measurement from the annual reporting period starting after January 1, 2022. The amendments to IFRS 1 "First-time Adoption of IFRSs" are retrospectively applicable from the annual reporting period starting after January 1, 2022.

Note 3：The amendments apply to business mergers with a date of acquisition during the annual reporting period starting after January 1, 2022.

Note 4：The amendments apply to property, plant and equipment achieving at the necessary venue and status for their intended use as expected by the management from January 1, 2021.

Note 5：The amendments apply to all outstanding contracts of obligation on January 1, 2022.

Note 6：The amendments apply to the annual reporting period starting after January 1, 2023 in extension.

Note 7：The amendments apply to changes in accounting estimates and changes in accounting policies that occurred during the annual reporting period starting after January 1, 2023.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments stated that the Corporation shall determine the information on significant accounting policies to be disclosed based on the definition of materiality. Where it is reasonably expected that the information on significant accounting policies would affect the decisions made by primary users of the financial statement for general purposes based on such financial statements, such information on significant accounting policies is material. The amendments also clarified：

(1) Information on accounting policies related to immaterial transactions, other matters or

circumstances is immaterial, and the Corporation is not required to disclose such information.

(2) The Corporation may determine the information on accounting policies related to immaterial transactions, other matters or circumstances is material due to its nature, even in the case when the amounts are immaterial.

(3) All information on accounting policies not related to immaterial transactions, other matters or circumstances is material.

In addition, the amendments provided examples describing that the information may be material when it is related to material transactions, other matters or circumstances under the following circumstances:

(1) The Corporation changed its accounting policies during the reporting period, and such changes resulted in significant changes in the information of the financial statements;

(2) The Corporation elected applicable accounting policies from options permitted by the standards;

(3) As no requirement is provided under any specific standards, the Corporation established the accounting policies based on IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";

(4) Relevant accounting policies where the Corporation disclosed the decisions that required significant judgments or assumptions; or

(5) Information that involves complicated accounting requirements and users of the financial statements depends on such information to understand material transactions, other matters or circumstances.

2. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments stipulated that accounting estimates are monetary amounts in the financial statements affected by measurement uncertainties. Upon the application of accounting policies, the Corporation may not be able to directly observe, but have to estimate the monetary amounts to measure the items in the financial statements. Therefore, accounting estimates shall be established by using the measuring techniques and inputs to serve such purposes. Where effects arising from the changes in measuring techniques and inputs are not corrections to errors during the previous period, such changes are changes in accounting estimates.

Except for the effects above, as of the date of approving the issuance of this financial report, the Corporation is still evaluating the effects of amendments to other standards and interpretations on the financial positions and financial performance; relevant effects are to be disclosed upon the completion of the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers .

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

The equity method is adopted. To align the profit or loss for the year, other comprehensive income, and equity in this individual financial report with the profit or loss attributable to the owner of the Company for the year other comprehensive income, and equity in the Company's consolidated financial report, certain differences in accounting under the individual and consolidated bases are due to the adjustments in "investments using equity method," "share of profit or loss from subsidiaries and associates using equity method," "share of other comprehensive income from subsidiaries and associates using equity method," and relevant items of equity.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

Equity method is adopted for investments in subsidiaries.

A subsidiary is an entity in which that the Company has control.

Under the equity method, the investments are initially recognized at costs, and the subsequent carrying amount upon acquisition shall increase/decrease according to the share of profit or loss from subsidiaries and other comprehensive income, and profit allocation entitled to the Company. In addition, changes in other interests in subsidiaries entitled to the Company are recognized according to the shareholding.

Changes in the Company's ownership interests in subsidiaries not resulting in the loss of control are accounted for as equity transactions. The differences between the carrying amount of investments and the fair value of the paid or received consideration are directly recognized as equity.

Where the Company's share of loss from a subsidiary equal to or exceeds the interests in the subsidiary (including the carrying amount of the subsidiary using equity method and other long-term interests substantially are a part of net investments of the Company in the subsidiary), the Company continues to recognize losses according to the shareholding.

Where the acquisition costs exceed the share of net fair value of the subsidiary's identifiable assets and liabilities entitled to the Company on the date of acquisition, such amount is recognized as goodwill. Goodwill is included in the carrying amount of such investments and shall not be amortized. The exceeding amount of the share of net fair value of the subsidiary's identifiable assets and liabilities entitled to the Company on the date of acquisition to the acquisition costs is recognized as gains of the year.

For impairment evaluation, the Company considers cash-generating units (the "CGUs") and compares its recoverable amount based on the individual financial report, as a whole. Subsequently, where the recoverable amount of the assets increases, the Company recognizes the reversal of impairment loss as gains. However, the carrying amount of the assets less the reversal of impairment loss shall not exceed the carrying amount of the asset less the amortization should have been recognized under the condition where no impairment loss is recognized. Impairment loss attributable to goodwill may not be reversed subsequently.

When losing control over a subsidiary, the Company measure its remaining investments in its former subsidiary based on the fair value on the date when control is lost. The differences between the fair value of the remaining investments and any consideration from disposals, and the carrying amount of the investment on the date when control is lost are recognized in profit or loss for the year. Furthermore, the accounting for all amounts related to the subsidiary that is recognized in other comprehensive income shall be on the basis required for the Company in direct disposals of assets or liabilities.

The unrealized gain or loss from downstream transactions between the Company and its subsidiaries is written off in the individual financial report. Gain or loss from upstream and side stream transactions between the Company and its subsidiaries are recognized in the individual financial report, to the extent where the Company is not related to the interests of subsidiaries.

g. Investment in associates

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

All the financial liabilities are measured at amortized cost using the effective interest method.
The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue recognition

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

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

n. Leases

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

1) The Corporation as lessor

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

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

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

2) The Corporation as lessee

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

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

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

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation included the economic effects caused by COVID-19 into its consideration for significant accounting estimates. The management will continue to examine the estimated and basic assumptions. Where the amendments to estimates only affect the current period, such amounts shall be recognized during the period when the amendments occurred. Where the amendments to estimates affect the current and future periods, such amounts shall be recognized during the period when the amendments occurred and in the future period.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 413	$ 201
Checking accounts and demand deposits	124,769	136,865
	$ 125,182	$ 137,066

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Investments in equity instruments at FVTOCI - Current		
Domestic investments		
Listed shares and emerging market shares	$ 1,851,633	$ 1,961,744
Investments in equity instruments at FVTOCI - Non-current		
Domestic investments		
Unlisted shares	$ 1,419,292	$ 1,349,156

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

Chia Huan Tung Cement Corporation completed its liquidation and returned a share capital of NT$21,039 thousand during 2020. Relevant other interests – unrealized losses on financial assets at fair value through other comprehensive income of NT$84,238 thousand are transferred to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Time deposits with original maturity of more than 3 months (a)	$ -	$ 5,603
Pledged time deposits (a)	67	67
	$ 67	$ 5,670
Non-current		
Pledged time deposits (a)	$ 10,488	$ 22,786
Refundable deposits	4,707	3,570
	$ 15,195	$ 26,356

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.13%-0.815% and 0.13%-2.50% per annum as of December 31, 2020 and 2019, respectively. The information on pledged time deposits is set out in Note 31.

b. Refer to Note 9 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	December 31	
	2020	2019
Financial assets at amortized cost - current	$ 67	$ 5,670
Financial assets at amortized cost - non-current	15,195	26,356
	$ 15,262	$ 32,026

The Company invests only in debt instruments that have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. In determining the expected credit losses for debt instrument investments, the Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. Due to the debt instrument investments have low credit risk and sufficient ability to settle contractual cash flows, as of December 31, 2020 and 2019, no expected credit losses have been recognized in financial assets measured at amortized cost.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	December 31	
	2020	**2019**
Notes receivable		
At amortized cost		
Notes receivable - operating	$ 360,273	$ 313,933
Notes receivable - non-operating	1,779	3,962
	$ 362,052	$ 317,895
Accounts receivable (Including related parties)		
At amortized cost	$ 853,683	$ 787,347
Less: Allowance for impairment loss	5,073	3,926
	$ 848,610	$ 783,421

The average collection period for receivables due to sales was between 30 to 90 days. No interest was charged on accounts receivable.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For account receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Notes receivable

The Company analyzed notes receivable was not past due based on past due status, and the Company did not recognize an expected credit loss for notes receivable as of December 31, 2020 and 2019.

Accounts receivable (Including related parties)

The following table details the loss allowance of accounts receivables based on the Company's provision matrix.

December 31, 2020

	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.03%	0.09%	0.29%	1.33%	6.54%	11.28%～ 15.03%	100%	
Gross carrying amount	$ 680,182	$ 101,273	$ 53,084	$ 9,697	$ 5,132	$ 612	$ 3,703	$ 853,683
Loss allowance (Lifetime ECL)	(116)	(87)	(155)	(129)	(336)	(547)	(3,703)	(5,073)
Amortized cost	$ 680,066	$ 101,186	$ 52,929	$ 9,568	$ 4,796	$ 65	$ -	$ 848,610

December 31, 2019

	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.04%	0.1%	0.38%	2.09%	9.20%	15.02%～ 21.92%	100%	
Gross carrying amount	$ 568,018	$ 148,750	$ 51,277	$ 12,867	$ 369	$ 4,760	$ 1,306	$ 787,347
Loss allowance (Lifetime ECL)	(114)	(154)	(195)	(269)	(34)	(1,854)	(1,306)	(3,926)
Amortized cost	$ 567,904	$ 148,596	$ 51,082	$ 12,598	$ 335	$ 2,906	$ -	$ 783,421

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

December 31, 2020

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2020	$ 3,063	$ 3,926	$ 6,989
Add: Net remeasurement of loss allowance	(611)	1,147	536
Balance at December 31, 2020	$ 2,452	$ 5,073	$ 7,525

December 31,2019

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2019	$ 2,889	$ 2,153	$ 5,042
Add: Net remeasurement of loss allowance	174	1,912	2,086
Less: Amounts written off	-	(139)	(139)
Balance at December 31, 2019	$ 3,063	$ 3,926	$ 6,989

11. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 72,136	$ 66,490
Work in process	10,184	15,381
Raw materials and supplies	164,970	137,096
	$ 247,290	$ 218,967

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $ 3,693,613 thousand and $ 3,653,929 thousand, respectively.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Investments in Subsidiaries	$ 730,829	$ 617,770
Investments in Associates	10,077,249	9,640,183
	$ 10,808,078	$ 10,257,953

a. Investments in Subsidiaries

	December 31	
	2020	2019
Chiayi Concrete Industrial Corporation	$ 40,737	$ 40,737
Huanchung Cement International Corporation	105,232	101,297
Kaohsiung Harbor Transport Company	98,044	99,151
Universal Investment Corporation	315,031	282,166
Universal Concrete Industrial Corporation	106,396	90,682
Uneo Incorporated	45,389	3,625
Li Yong Development Corporation.	20,000	-
	$ 730,829	$ 617,770

	December 31	
Proportion of Ownership and Voting Rights Percentage	2020	2019
Chiayi Concrete Industrial Corporation.	86.63%	86.63%
Huanchung Cement International Corporation.	69.99%	69.99%
Kaohsiung Harbor Transport Company.	100.00%	100.00%
Universal Investment Corporation.	100.00%	100.00%
Universal Concrete Industrial Corporation (note 1)	57.19%	55.94%
Uneo Incorporated.	100.00%	100.00%
Li Yong Development Corporation. (note 2)	100.00%	-

Note 1: In October 2020, the Company acquired 165 thousand shares held by the non-controlling interest of Universal Concrete Industrial Corporation, and its shareholding increased from 55.94% to 57.19%.
Note 2: In December 2020, the Company invested in the establishment of Li Yong Development Corporation.

b. Investments in Associates

	December 31	
	2020	**2019**
Material associate		
Lioho Machine Works Ltd.	$ 10,023,459	$ 9,584,952
Associates that are not individually material		
Tainan Concrete Industrial Corporation	53,790	55,231
	$ 10,077,249	$ 9,640,183

1. Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2020	**2019**
Name of Associate		
Lioho Machine Works Ltd.	29.86%	29.86%

Refer to Table 5 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

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

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

	December 31	
	2020	**2019**
Equity	$ 33,568,622	$ 32,100,060

	For the Year Ended December 31	
	2020	**2019**
Operating revenue	$ 4,505,629	$ 4,396,478
Net profit for the year	$ 2,367,104	$ 2,900,356
Other comprehensive loss	$ 378,456	$ (1,171,449)
Dividends received from Lioho Machine Works Ltd.	$ 358,326	$ 358,326

2. Associates that are not individually significant

	For the Year Ended December 31	
	2020	**2019**
Share of the company		
Net profit for the year	$ 969	$ 2,251
Other comprehensive income	(464)	380
Total comprehensive income	$ 505	$ 2,631

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2019	$ 4,305,174	$ 1,429,903	$ 3,074,187	$ 399,201	$ 712,710	$ 421,563	$10,342,738
Additions	-	4,347	27,075	-	11,234	143,048	185,704
Disposals	-	(4,774)	(1,378)	(5,370)	(8,629)	-	(20,151)
Transfer form investment properties	-	(594)	-	-	(370)	-	(964)
Reclassification from investment properties	169,798	167,113	-	-	11,318	-	348,229
Balance at December 31, 2019	$ 4,474,972	$ 1,595,995	$ 3,099,884	$ 393,831	$ 726,263	$ 564,611	$10,855,556
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,056,097	$ 2,930,631	$ 346,204	$ 535,800	$ -	$ 4,868,732
Disposals	-	(4,774)	(1,208)	(5,370)	(8,629)	-	(19,981)
Depreciation expense	-	19,237	29,794	9,348	14,678	-	73,057
	-	11,058	-	-	1,741	-	12,799
Balance at December 31, 2019	$ -	$ 1,081,618	$ 2,959,217	$ 350,182	$ 543,590	$ -	$ 4,934,607
Carrying amounts at December 31, 2019	$ 4,474,972	$ 514,377	$ 140,667	$ 43,649	$ 182,673	$ 564,611	$ 5,920,949
Cost							
Balance at January 1, 2020	$ 4,474,972	$ 1,595,995	$ 3,099,884	$ 393,831	$ 726,263	$ 564,611	$10,855,556
Additions	-	41,438	65,912	19,886	29,589	5,299	162,124
Disposals	-	(380)	(3,432)	(9,058)	(22,278)	-	(35,148)
Reclassification from investment properties	404,481	11,853	-	-	-	-	416,334
Balance at December 31, 2020	$ 4,879,453	$ 1,648,906	$ 3,162,364	$ 404,659	$ 733,574	$ 569,910	$11,398,866
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	$ 1,081,618	$ 2,959,217	$ 350,182	$ 543,590	$ -	$ 4,934,607
Depreciation expense	-	20,218	27,393	9,001	15,758	-	72,370
Disposals	-	(380)	(3,430)	(9,058)	(22,278)	-	(35,146)
Reclassification from investment properties	-	12,097	-	-	-	-	12,097
Impairment loss	-	-	-	-	7	-	7
Balance at December 31, 2020	$ -	$ 1,113,553	$ 2,983,180	$ 350,125	$ 537,077	$ -	$ 4,983,935
Carrying amounts at December 31, 2020	$ 4,879,453	$ 535,353	$ 179,184	$ 54,534	$ 196,497	$ 569,910	$ 6,414,931

Partial equipment (accounted for as property plant and equipment, and prepayments for equipment) of the Company's building material segment is idle. According to the assessment, the future recoverable amount is less than its carrying amount; therefore, the Company recognized an impairment loss of NT$103,012 thousand under other gains and losses during 2020.

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

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

Buildings	
Main buildings	20-60 years
Outbuildings and construction	4-16 years
Engineering systems	9-16 years
Machinery and equipment	2-17 years
Transportation equipment	3-7 years
Other equipment	3-20 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Buildings	$ 19,658	$ 33,138
Machinery	7,349	1,689
	$ 27,007	$ 34,827

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets (Note)	$ 12,780	$ 285
Depreciation charge for right-of-use assets		
Buildings	$ 17,236	$ 17,035
Machinery	2,958	1,304
	$ 20,194	$ 18,339

b. Lease liabilities

	December 31	
Carrying amounts	2020	2019
Current	$ 16,897	$ 17,976
Non-current	$ 10,315	$ 17,006

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings	0.9%	0.9%
Machinery	0.9%～1%	0.9%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 2,268	$ 3,802
Expenses relating to low-value assets leases	$ 218	$ 79
Total cash outflow for leases	$ 22,923	$ 22,502

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

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1 , 2019	$ 827,926	$ 313,361	$ 1,141,287
Reclassification from property, plant and equipment	-	964	964
Reclassification to property, plant and equipment	(169,798)	(178,431)	(348,229)
Balance at December 31, 2019	$ 658,128	$ 135,894	$ 794,022
Accumulated depreciation and impairment			
Balance at January 1 , 2019	$ 61,135	$ 126,162	$ 187,297
Depreciation expense	-	827	827
Reclassification to property, plant and equipment	-	(12,799)	(12,799)
Balance at December 31, 2019	$ 61,135	$ 114,190	$ 175,325
Carrying amounts at December 31, 2019	$ 596,993	$ 21,704	$ 618,697

(Continued)

	Land	Buildings	Total
Cost			
Balance at January 1, 2020	$ 658,128	$ 135,894	$ 794,022
Disposals	(13,708)	(7,439)	(21,147)
Reclassification to property, plant and equipment	(404,481)	(11,853)	(416,334)
Balance at December 31, 2020	$ 239,939	$ 116,602	$ 356,541
Accumulated depreciation and impairment			
Balance at January 1, 2020	$ 61,135	$ 114,190	$ 175,325
Depreciation expense	-	647	647
Disposals		(1,362)	(1,362)
Reclassification to property, plant and equipment	-	(12,097)	(12,097)
Balance at December 31, 2020	$ 61,135	$ 101,378	$ 162,513
Carrying amounts at December 31, 2020	$ 178,804	$ 15,224	$ 194,028

(Concluded)

As of December 31, 2020 and 2019, the Company has not yet completed the property registration of the land amounting to $112,147 thousand because of the restriction in the regulations but the property has been secured with mortgage registration.

The investment properties are depreciated using the straight-line method over 10-50 years of useful lives.

The determination of fair value was performed by independent qualified professional values. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and the fair value as appraised.

	December 31	
	2020	2019
Fair value	$ 1,478,067	$ 1,439,011

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2020 and 2019 was as follows:

	December 31	
	2020	2019
Year 1	$ 14,995	$ 15,026
Year 2	7,024	12,221
Year 3	504	6,756
Year 4	125	394
Year 5	36	90
Year 5 onwards	$ 22,684	$ 34,487

16. OTHER INTANGIBLE ASSETS

	Patents	Licenses and Franchises	Trademarks	Computer Software	Total
Cost					
Balance at January 1, 2019	$ 7,376	$ 5,000	$ 20	$ 1,139	$ 13,535
Additions	401	-	-	700	1,101
Balance at December 31, 2019	$ 7,777	$ 5,000	$ 20	$ 1,839	$ 14,636
Accumulated amortization					
Balance at January 1, 2019	$ 3,104	$ 2,395	$ 5	$ 158	$ 5,662
Amortization expense	615	237	2	668	1,522
Balance at December 31, 2019	$ 3,719	$ 2,632	$ 7	$ 826	$ 7,184
Carrying amounts at December 31, 2019	$ 4,058	$ 2,368	$ 13	$ 1,013	$ 7,452
Cost					
Balance at January 1, 2020	$ 7,777	$ 5,000	$ 20	$ 1,839	$ 14,636
Additions	173	-	-	1,497	1,670
Balance at December 31, 2020	$ 7,950	$ 5,000	$ 20	$ 3,336	$ 16,306
Accumulated amortization					
Balance at January 1, 2020	$ 3,719	$ 2,632	$ 7	$ 826	$ 7,184
Amortization expense	588	237	2	684	1,511
Balance at December 31, 2020	$ 4,307	$ 2,869	$ 9	$ 1,510	$ 8,695
Carrying amounts at December 31, 2020	$ 3,643	$ 2,131	$ 11	$ 1,826	$ 7,611

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

Patents	19 years
Licenses and franchises	10 years
Trademarks	10 years
Computer Software	3 years

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	**2019**
Unsecured borrowings		
Line of credit borrowings	$ 1,285,000	$ 1,100,000

The range of interest rates was 0.85% - 0.9% and 0.92%-1.1% per annum as of December 31, 2020 and 2019.

b. Short-term bills payable

	December 31	
	2020	**2019**
Commercial papers	$ 1,040,000	$ 1,300,000
Less: Unamortized discount on bills payable	716	1,072
	$ 1,039,284	$ 1,298,928

The Company did not provide any collateral over these balance.

Outstanding short-term bills payable as follows:

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
December 31, 2020				
Taiwan Finance Co., Ltd.	$ 240,000	$ 158	$ 239,842	0.858%
Ta Ching Bills Finance Co., Ltd.	200,000	156	199,844	0.888%
Taiwan Cooperative Bills Finance Co., Ltd.	300,000	197	299,803	0.858%
International Bills Finance Co., Ltd.	300,000	205	299,795	0.888%
	$ 1,040,000	$ 716	$ 1,039,284	
December 31, 2019				
Taiwan Finance Co., Ltd.	$ 300,000	$ 55	$ 299,945	0.958%
Ta Ching Bills Finance Co., Ltd.	200,000	319	199,681	1.058%
Taiwan Cooperative Bills Finance Co., Ltd.	300,000	126	299,874	0.958%
Mega Bills Finance Co., Ltd.	500,000	572	499,428	1.018%
	$ 1,300,000	$ 1,072	$ 1,298,928	

18. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

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

19. OTHER PAYABLES AND OTHER LIABILITIES

	December 31 2020	December 31 2019
Current		
Other payable		
Payable for salaries or bonus	$ 84,809	$ 79,149
Payable for freight	30,878	12,644
Payable for remuneration to directors	22,946	20,860
Payable for remuneration to employees	22,946	20,860
Payable for promotion service fee	24,697	17,719
Payable for equipment	21,021	52
Payable for taxes	16,780	10,362
Payable for annual leave	7,609	7,625
Payable for utility bills	5,786	6,092
Others	30,737	43,994
	$ 268,209	$ 219,357
Other liabilities		
Temporary receipts	$ 18,586	$ 27,624
Others	96	88
	$ 18,682	$ 27,712

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31 2020	December 31 2019
Present value of defined benefit obligation	$ 249,305	$ 246,885
Fair value of plan assets	(183,146)	(163,162)
Net defined benefit liability	$ 66,159	$ 83,723

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2019	$ 268,809	($ 156,250)	$ 112,559
Current service cost	5,510	-	5,510
Net interest expense (income)	3,024	(1,791)	1,233
Recognized in profit or loss	8,534	(1,791)	6,743
Return on plan assets (excluding amounts included in net interest)	-	(6,095)	(6,095)
Actuarial loss - changes in demographic assumptions	2,874	-	2,874
Actuarial loss - changes in financial assumptions	14,372	-	14,372
Actuarial gain - experience adjustments	(21,408)	-	(21,408)
Recognized in other comprehensive income	(4,162)	(6,095)	(10,257)
Contributions from the employer	-	(25,322)	(25,322)
Benefits paid	(26,296)	26,296	-
Balance at December 31, 2019	246,885	(163,162)	83,723
Current service cost	4,083	-	4,083
Net interest expense (income)	1,975	(1,330)	645
Recognized in profit or loss	$ 6,058	($ 1,330)	$ 4,728
Return on plan assets (excluding amounts included in net interest)	-	(5,695)	(5,695)
Actuarial loss - changes in demographic assumptions	3,927	-	3,927
Actuarial loss - changes in financial assumptions	19,634	-	19,634
Actuarial gain - experience adjustments	(10,154)	-	(10,154)
Recognized in other comprehensive income	13,407	(5,695)	7,712
Contributions from the employer	-	(30,004)	(30,004)
Benefits paid	(17,045)	17,045	-
Balance at December 31, 2020	$ 249,305	($ 183,146)	$ 66,159

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

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 2,822	$ 4,025
Selling and marketing expenses	757	1,080
General and administrative expenses	992	1,415
Research and development expenses	157	223
	$ 4,728	$ 6,743

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

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

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

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

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

	December 31	
	2020	2019
Discount rate	0.35%	0.8%
Expected rate of salary increase	4%	4%

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

	December 31	
	2020	2019
Discount rate		
0.5% increase	($ 10,745)	(10,875)
0.5% decrease	$ 11,482	$ 11,637
Expected rate of salary increase		
0.5% increase	$ 10,761	$ 10,944
0.5% decrease	($ 10,191)	($ 10,347)

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	$ 6,000	$ 6,000
The average duration of the defined benefit obligation	8 years	8years

21. EQUITY

a. Share capital

	December 31	
	2020	2019
Number of shares authorized (thousands)	653,609	653,609
Shares authorized	$ 6,536,092	$ 6,536,092
Number of shares issued and fully paid (in thousands)	653,609	653,609
Shares issued	$ 6,536,092	$ 6,536,092

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Treasury share transactions	$ 21,606	$ 21,606
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts.	418	-
May be used to offset a deficit only		
Share of changes in capital surplus of associates	21,315	19,824
Overdue dividends not collected by shareholders	22,483	-
	$ 65,822	$ 41,430

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, if the Company makes profit in a fiscal year, the profit shall be first utilized to pay taxes, offset losses of previous years, set aside as legal reserve with 10% of the remaining profit, set aside or reverse a special reserve in accordance with the laws and regulations, and lastly, together with any undistributed retained earnings, serve as the basis of a distribution plan proposed by the Company's board of directors in accordance with the resolution of the shareholders' meeting pertaining to the distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 23-g.

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

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

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of 2019 and 2018 earnings have been approved in the shareholders' meetings on June 15, 2020 and June 18, 2019, respectively. The appropriations and dividends per share were as follows:

	2019	2018
Legal reserve	$ 113,548	$ 105,729
Cash dividends	$ 653,609	$ 653,609
Cash dividends per share (NT$)	$ 1	$ 1

The appropriation of earnings for 2020 had been proposed by the Company's board of directors on March 23, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 115,575	
Cash dividends	718,970	$ 1.1

The appropriation of earnings for 2020 will subject to the resolution of the shareholders' meeting.

d. Special reserves

	December 31	
	2020	**2019**
First-time adoption IFRSs	$ 3,185,793	$ 3,185,793

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

e. Other equity items

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

	For the year Ended December 31	
	2020	2019
Balance at January 1	$ (1,006,436)	$ (653,350)
Share of exchange difference of associates accounted for using the equity method	114,138	(353,086)
Balance at December 31	$ (892,298)	$ (1,006,436)

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

	For the year Ended December 31	
	2020	2019
Balance at January 1	$ 1,342,691	$ 1,184,048
Recognized for the year		
Unrealized gain (loss) - equity instruments	(28,404)	119,082
Share from associates accounted for using the equity method	(1,532)	39,561
Other comprehensive income	(29,936)	118,643
The cumulative profit or loss arising from the disposals of equity instruments is transferred to retained earnings.	84,238	-
Balance at December 31	$ 1,396,993	$ 1,342,691

3) Remeasurement of defined benefit plans

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 56,069	$ 44,942
Changes in tax rate		
Remeasurement of defined benefit plans	(7,712)	10,257
Remeasurement on defined benefit plans related income tax	1,542	(2,501)
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	1,186	2,888
Balance at December 31	$ 51,052	$ 56,036

4) Other equity items

	For the Year Ended December 31
	2020
Balance at January 1	$ -
Share of associates accounted for using the equity method (Note)	(17,217)
Balance at December 31	($ 17,217)

Note: Refer to the forward contract initially recognized for acquiring the equity instruments of subsidiaries.

22. REVENUE

	For the Year Ended December 31	
	2020	**2019**
Revenue from contracts with customers		
Revenue from sale of goods	$ 4,495,516	$ 4,149,136

a. Disaggregation of revenue

	For the Year Ended December 31	
	2020	**2019**
Concrete	$ 3,057,455	$ 2,612,366
Cement	685,331	652,038
Gypsum Board panels	742,434	870,628
Other	10,296	14,104
	$ 4,495,516	$ 4,149,136

b. Contract balances

	December 31		January 1
	2020	**2019**	**2019**
Accounts receivables (Including related parties)	$ 1,210,662	$ 1,101,316	$ 1,026,339
Contract assets - current			
Sale of goods	$ 6,973	$ 4,381	$ 1,624
Less: Allowance for impairment loss	1,395	876	325
	5,578	3,505	1,299
Contract assets from related parties			
Sale of goods	5,285	10,933	12,820
Less: Allowance for impairment loss	1,057	2,187	2,564
	4,228	8,746	10,256
	$ 9,806	$ 12,251	$ 11,555
Contract liabilities - current			
Sale of goods	$ 565	$ 4,976	$ 4,313

In accordance with the terms of the contract, the customers retain a portion of contract price and the Company recognized the amount as contract assets before completing the contractual obligations. The

Company considers the historical expected loss rates and the state of the industry in estimating expected loss.

	December 31	
	2020	2019
Expected credit loss rate	20%	20%
Gross carrying amount of retention receivable	$ 12,258	$ 15,314
Allowance for impairment loss (Lifetime ECLs)	(2,452)	(3,063)
	$ 9,806	$ 12,251

23. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 182	$ 212
Related parties loans	91	353
	$ 273	$ 565

b. Other income

	For the Year Ended December 31	
	2020	2019
Dividend income	$ 137,256	$ 129,622
Rental income - investment properties (note 15)	16,568	14,550
Remuneration of directors	9,479	10,794
Others	15,588	19,480
	$ 178,891	$ 174,446

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Impairment loss	($ 103,012)	$ -
Net foreign exchange gains and losses	(142)	(514)
Gain (loss) on disposal of property, plant and equipment	328	(170)
Gain on disposal of property	8,579	-
Others	(4,680)	(13,368)
	($ 98,927)	($ 14,052)

d. Interest expense

	For the Year Ended December 31	
	2020	2019
Interest on loans	$ 22,748	$ 21,947
Interest on lease liabilities	296	388
	$ 23,044	$ 22,335

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 72,370	$ 73,057
Right-of-use assets	20,194	18,339
Investment properties	647	827
Intangible assets	1,511	1,522
	$ 94,722	$ 93,745
An analysis of depreciation - by function		
Operating costs	$ 72,112	$ 70,239
Operating expenses	20,452	21,157
Others (as non-operating income and expense)	647	827
	$ 93,211	$ 92,223
An analysis of amortization - by function		
Operating expenses	$ 1,511	$ 1,522

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits		
Salaries	$ 357,150	$ 310,646
Labor and health insurance	32,471	33,999
Others	41,856	40,520
	431,477	385,165
Post-employment benefits		
Defined contribution plans	12,762	11,760
Defined benefit plans (Note 20)	4,728	6,743
	17,490	18,503
	$ 448,967	$ 403,668

(Continued)

	For the Year Ended December 31	
	2020	2019
An analysis of employee benefits expense - by function		
Operating costs	$ 281,652	$ 252,711
Operating expenses	167,315	150,957
	$ 448,967	$ 403,668

(Concluded)

g. Employees’ compensation and remuneration of directors

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

The employees’ compensation and remuneration of directors for the year ended December 31, 2020 and

2019 have been approved on March 26, 2021 and 2020, respectively as follows:

Accrual rate

	For the Year Ended December 31	
	2020	**2019**
Employees’ compensation	1.73%	1.70%
Remuneration of directors	1.73%	1.70%

Amount

	For the Year Ended December 31	
	2020	**2019**
Employees’ compensation	$ 22,946	$ 20,860
Remuneration of directors	$ 22,946	$ 20,860

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

There was no difference between the actual amounts of employees’ compensation and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the year ended December 31, 2019 and 2018.

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

24. INCOME TAX

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

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 46,326	$ 32,625
Income tax on unappropriated earnings	16,152	21,032
Adjustments for prior years	(23,602)	(1,098)
	38,876	52,559
Deferred tax		
In respect of the current year	(4,739)	(128)
	$ 34,137	$ 52,431

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

	For the Year Ended December 31	
	2020	**2019**
Profit before tax	$ 1,281,389	$ 1,187,908
Income tax expense calculated at the statutory rate	$ 256,278	$ 237,582
Nondeductible expenses in determining taxable income	(150,863)	(175,571)
Realized investment loss	(47,628)	-
Tax-exempt income	(28,409)	(25,924)

Temporary difference	12,002	(3,590)
Land value increment tax	207	-
Income tax on unappropriated earnings	16,152	21,032
Adjustments for prior years' tax	(23,602)	(1,098)
	$ 34,137	$ 52,431

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	**2019**
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ 1,542	($ 2,051)

c. Current tax liabilities

	For the Year Ended December 31	
	2020	**2019**
Income tax payable	$ 46,077	$ 46,978

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred Tax Assets				
Temporary differences				
Payment received in advance	$ 544	($ 144)	$ -	$ 400
Unrealized foreign exchange loss	61	(57)	-	4
Unrealized for promotion service	-	4,940	-	4,940
	$ 605	$ 4,739	$ -	$ 5,344
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,082,113	$ -	$ -	$ 1,082,113
Defined benefit obligation	8,761	-	(1,542)	7,219
Cash surrender value of life insurance	76	-	-	76
	$ 1,090,950	$ -	($ 1,542)	$ 1,089,408

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Payment in advance	$ 438	$ 106	$ -	$ 544
Unrealized foreign exchange loss	39	22	-	61
	$ 477	$ 128	$ -	$ 605
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,082,113	$ -	$ -	$ 1,082,113
Defined benefit obligation	6,710	-	2,051	8,761
Cash surrender value of life insurance	76	-	-	76
	$ 1,088,899	$ -	$ 2,051	$ 1,090,950

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

	December 31	
	2020	2019
Deductible temporary differences		
Allowance for impaired inventories	$ 125,979	$ 125,988
Net defined benefit obligation	17,115	42,391
Impairment losses on assets	188,495	85,483
	$ 331,589	$ 253,862

g. Income tax examinations

The tax returns of the Corporation through 2018 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Profit for the year	$ 1,247,252	$ 1,135,477

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares in computation of basic earnings per share	$ 653,609	$ 653,609
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,311	1,313
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 654,920	$ 654,922

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In October 2020, the Company acquired 165 thousand shares held by the minority shareholders of Universal Concrete, and its shareholding increased from 55.94% to 57.19%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries, refer to note 28.

27. CASH FLOWS INFORMATION

Cash used in obtaining property, plant and equipment by the Company during 2020 and 2019 was as below:

	For the Year Ended December 31	
	2020	2019
Increase in property, plant and equipment	$ 162,124	$ 185,704
Payables on equipment	(20,969)	(52)
Prepaid on equipment	11,161	51,789
Total cash paid	$ 152,316	$ 237,441

28. CAPITAL MANAGEMENT

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

29. FINANCIAL INSTRUMENTS

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

The Company believes that the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, contract assets, notes and accounts receivable, financial assets at amortized cost, short-term loans, accounts payable, and guarantee deposits received, recognized in the financial statements approximate their fair value.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 1,851,633	$ -	$ -	$ 1,851,633
Unlisted shares	-	-	1,419,292	1,419,292
	$ 1,851,633	$ -	$ 1,419,292	$ 3,270,925

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 1,961,744	$ -	$ -	$ 1,961,744
Unlisted shares	-	-	1,349,156	1,349,156
	$ 1,961,744	$ -	$ 1,349,156	$ 3,310,900

There were no transfers between Level 1 and 2 in the current and prior years.

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

Financial assets at fair value through other comprehensive income.

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 1,349,156	$ 1,336,297
Recognized in other comprehensive income (unrealized valuation gain or loss on financial assets at fair value through other comprehensive income)	91,175	12,859
Share capital returned for liquidation	(21,039)	-
Balance at December 31	$ 1,419,292	$ 1,349,156

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

The fair values of unlisted equity securities in ROC was estimated based on the recent net equity or transaction price. The marketing valuation method is based on price of comparable company, and the value of the securities is estimated by comparing, analyzing and adjusting.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	$ 1,351,698	$ 1,281,149
Financial assets at FVTOCI		
Equity instruments	3,270,925	3,310,900
Financial liabilities		
Financial liabilities at amortized cost (2)	3,124,797	3,128,762

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

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

d. Financial Risk Management Objectives and Policies

The Company's major financial instruments include accounts receivable, accounts payables and short-term loans. The Company's Corporate Treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in interest rate risk (see (a) below) and other price risk (see (b) below).

a) Interest rate risk

The Company was exposed to interest rate risk arising from short-term borrowing at New Taiwan dollar (NTD) market rates of overweight interest rates. Due to lower NTD borrowing rates and small borrowing position, the interest rate sensitivity is lower, and the interest rate risk is little risk to the Company.

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 15,262	$ 32,026
Financial liabilities	1,066,496	1,333,910
Cash flow interest rate risk		
Financial assets	97,619	120,833
Financial liabilities	1,285,000	1,100,000

b) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risk was mainly concentrated on equity instruments operating in shares and open-end mutual funds quoted in the Taiwan Stock Exchange. In addition, the Company will evaluate the price by the closing price of the equity investments and the net asset value of the fund every month.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices of domestic listed equity securities, which was hold by the Group calculated by $ 1,851,633 thousand and $ 1,961,744 thousand, had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 and 2019 would have increased/decreased by $ 18,516 thousand and $ 19,617 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Financial assets are exposed to the potential effects of outstanding contracts between the Company and its counterparty or other parties. Such effects include the credit risk concentration, components, contractual amounts, and other receivables of financial products engaged by the Company.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

In addition to the following paragraph, the main customers of its credit are good, and the Company will regularly annually review the customer's credit status, appropriately adjust the of credit line, and will require customers to provide the necessary guarantees or trade by cash in special situation. The sales department through an external peer visits to understand customer's credit status. The customers mentioned above, was no significant credit risk exposure.

Part of the concrete customers of the Company is individuals and small-scale enterprises, except for a few large customers are concrete construction companies, industry characteristics resulting in some small-scale enterprises. In addition to using credit limit controls to reduce credit risks and the relevant proceedings to protect their claims, the Company has set adequate allowance for bad debts for higher credit risk customers in accordance with company policy. The credit risk arising from its maximum possible amount is disclosed in the Note 10.

The Company has no significant concentration of credit risk.
As of 31 December 2020 and 2019, the maximum exposure of the Company for engaging in endorsement/guarantee was NT$420,000 thousand and NT$390,000 thousand, respectively.

3) Liquidity risk

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

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2020

	On Demand or Less than 3 Month	**3 Months to 1 Year**	**1 Year to 5 Year**
Non-derivative financial liabilities			
Non-interest bearing	$ 792,081	$ -	$ 8,432
Lease liabilities	5,195	11,858	10,401
Variable interest rate liabilities	986,601	300,503	-
Fixed interest rate liabilities	1,040,000	-	-
Guaranteed liabilities	282,000	-	-
	$ 3,105,877	$ 312,361	$ 18,833

December 31, 2019

	On Demand or Less than 3 Month	**3 Months to 1 Year**	**1 Year to 5 Year**
Non-derivative financial liabilities			
Non-interest bearing	$ 743,959	$ -	$ 8,362
Lease liabilities	4,670	13,914	17,091
Variable interest rate liabilities	1,100,885	-	-
Fixed interest rate liabilities	1,300,000	-	-
Guaranteed liabilities	260,000	-	-
	$ 3,409,514	$ 13,914	$ 25,453

The amount included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

It is important for Company that loan is a resource of liquidity. As of December 31, 2020 and 2019, the Company has loan commitments $ 1,718,439 thousand, and $ 1,791,399 thousand, respectively.

30. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Name and relationship of related party

Related Party Name	Relationships of the Company
CHC Resources Corp.	The key management of the Company serves as a member of its board directors
Universal Construction Corp.	The key management of the Company serves as a member of its board directors
Sheng yuan Investment Corp.	The key management of the Company
Pan Asia Corporation	Other related parties
Tainan Concrete Industrial Corp.	Associates
Chiayi Concrete Industrial Corp	subsidiary corporation
Universal Concrete Industrial Corp	subsidiary corporation
Kaohsiung Harbor Transport Company.	subsidiary corporation
Uneo Incorporated	subsidiary corporation
Universal Investment Corp	subsidiary corporation

b. Sales of goods

Account Items	Related Parties Category	For the Year Ended December 31 2020	2019
Sales revenue	The key management of the Company serves as a member its board of directors	$ 65,595	$ 49,131
	Other related parties	84,737	87,174
		$ 150,332	$ 136,305

The prices and terms to related parties were not significantly different from transaction with third parties. The credit terms were 1 to 3 months.

c. Purchase of goods

Related Parties Category	For the Year Ended December 31 2020	2019
The Company is the key management of the company	$ 221,766	$ 244,744

The purchased of goods is mainly gravel. The prices and terms to related parties were not significantly different from transaction with third parties. The credit terms were 30 to 65 days.

d. Contract assets

Related Party Category / Name	December 31 2020	December 31 2019
The key management of the Company serves as a member its board of directors		
Pan Asia Corp.	$ 5,285	$ 10,933
Less: Allowance for impairment loss	1,057	2,187
	$ 4,228	$ 8,746

e. Receivables from related parties (Excluding contract assets)

Account Items	Related Parties Category / Name	December 31 2020	December 31 2019
Accounts receivable from related parties	Related parties	$ 45,681	$ 27,448
	The key management of the Company serves as a member its board of directors	5,172	5,294
	Subsidiaries	1,458	4,075
	Less: Allowance for impairment loss	3	5
		$ 52,308	$ 36,812

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

Account Items	Related Parties Category	December 31 2020	December 31 2019
Notes payable - related parties	The key management of the Company serves as a member of its board of directors	$ 39,455	$ 32,176
	Subsidiaries	13,207	14,475
		$ 52,662	$ 46,651
Accounts payable -related parties	Subsidiaries	$ 16,041	$ 16,582

The outstanding payables from related parties are unsecured and would be paid in cash.

g. Lease arrangements - Company is lessee

Line Item	Related Party Category	December 31 2020	December 31 2019
Lease liabilities	Associates	$ 3,341	$ 8,539
	Subsidiaries	1,165	265
		$ 4,596	$ 8,804

Line Item	Related Party Category	For the Year Ended December 31 2020	2019
Interest expense	Associates	$ 52	$ 98
	Subsidiaries	5	4
		$ 57	$ 102

The Company leased offices from related parties under lease contracts with normal terms and rentals payable monthly at market rates.

h. Lease arrangements - Company is lessor

The Company leased its office building, plant, machinery and equipment to related parties under operating leases for a term of 1 to 5 years. The rental prices are determined with reference to the market standards and charged on a monthly basis.

Total lease payment to be collected in the future is summarized as follows:

Category of the related	December 31 2020	2019
The Company holding the position as chief management of another company	$ 8,705	$ 14,203
Another company holding the position as chief management of the Company	46	23
Subsidiary corporation	540	396
	$ 9,291	$ 14,622

Total lease revenue is summarized as follows:

Related Party Category / Name	For the Year Ended December 31 2020	2019
The Company holding the position as chief management of another company	$ 5,498	$ 5,498
Another company holding the position as chief management of the Company	23	23
Subsidiary corporation	396	396
	$ 5,917	$ 5,917

i. Loan to related parties

Line Item	December 31 2020	2019
Other receivables		
Uneo Inc.	$ -	$ 10,000

Line Item	For the Year Ended December 31 2020	2019
Interest income		
Uneo Inc.	$ 91	$ 353

The Company provided an insecure short-term loan to its subsidiary Uneo Inc.; interests accrued at 1.1% based on the actual utilization amount during 2020 and 2019, and the settlement shall be made in a lump-sum upon expiry.

j. Endorsement/guarantee

Endorsement/guarantee to others

The endorsement/guarantee amount provided by the Company for bank facilities of associates is as follows:

Category/name of associates	**December 31**	
	2020	**2019**
Subsidiary		
Universal Concrete Industrial Corp	$ 120,000	$ 120,000
Universal Investment Corp	250,000	220,000
Uneo Incorporated	50,000	50,000
	$ 420,000	$ 390,000

Endorsement/guarantee acquired

The endorsement/guarantee amount provided by subsidiaries for the Company to undertake constructions according to contractual requirements is as follows:

Category/name of associates	**December 31**	
	2020	**2019**
Subsidiary		
Kaohsiung Wharf Transportation	$ 273,468	$ 273,468
Universal Investment	107,784	107,784
	$ 381,252	$ 381,252

k. Other transactions with related parties

1) Freight expense

Line item	**Category/name of associates**	**For the Year Ended December 31**	
		2020	**2019**
Cost of sales -freight expenses	Subsidiary		
	Kaohsiung Wharf Transportation	$ 207,687	$ 199,374
Cost of marketing - freight expenses	Subsidiaries	$ 12,038	$ 15,566

Regarding the freight transactions between the Company and its related parties, the prices are established according to the prices agreed by both parties, equivalent to that of the general suppliers.

The Company’s payment term for freight to related parties is approximately 45 to 60 days, equivalent to that of the general suppliers.

2) Management service income

Category/name of associates	For the Year Ended December 31 2020	2019
Subsidiary	$ 13,035	$ 13,501

The Company receives management service income from subsidiaries for employee dispatch and transfer, which is accounted for as a deduction item of salary expenses.

l. Compensation of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 32,698	$ 34,121
Post-employment benefits	362	450
	$ 33,060	$ 34,571

The remuneration of directors and key executives was determined by the remuneration committee according to the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for engineering performance bond.

	December 31 2020	2019
Pledge deposits		
Current	$ 67	$ 67
Non-current	10,488	22,786
	$ 10,555	$ 22,853

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2020 and 2019 were as follows:

a. Unrecognized commitments are as follows:

	December 31 2020	2019
Acquisition of property, plant and equipment	$ 104,499	$ 127,606

b. As of December 31, 2020 and 2019, the promissory notes were $ 96,499 thousand and $ 112,742 thousand, respectively. These notes were provided as engineering performance bond, which could be refunded when the guarantee is terminated.

c. As of December 31, 2020 and 2019, unused letters of credit for purchase of raw materials amounting to $6,561 thousand and $ 8,601 thousand.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			
Monetary items			
USD	$ 57	28.48	$ 1,628
RMB	1,147	4.377	5,019

December 31, 2019

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			
Monetary items			
USD	$ 174	29.98	$ 5,226
RMB	2,736	4.305	11,778

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currencies	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
USD	29.549（USD：NTD）	($ 89)	30.912（USD：NTD）	($ 95)
RMB	4.282（RMB：NTD）	43	4.472（RMB：NTD）	(237)
JPY	0.2769（JPY：NTD）	19	0.2837（JPY：NTD）	(1)
HKD	3.809（HKD：NTD）	(7)	3.945（HKD：NTD）	(15)
EUR	33.71（EUR：NTD）	(108)	34.61（EUR：NTD）	(166)
		($ 142)		($ 514)

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$ 300 million or 20%

of the paid-in capital. (N/A)

5) Acquisition of individual real estate at cost of at least NT$ 300 million or 20% of the paid-in capital. (N/A)

6) Disposal of individual real estate at a price of at least NT$ 300 million or 20% of the paid-in capital. (N/A)

7) Total purchases from or sales to related parties amounting to at least NT$ 100 million or 20% of the paid-in capital. (Table 4)

8) Receivables from related parties amounting to at least NT$ 100 million or 20% of the paid-in capital. (N/A)

9) Trading in derivative instruments. (N/A)

b. Related information on investees. (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee and investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment from the mainland China area. (N/A)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: (N/A)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: (N/A)

c) The amount of property transactions and the amount of the resultant gains or losses: (N/A)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: (N/A)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: (N/A)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: (N/A)

d. Information on major shareholders: name, number and percentage of shareholding of shareholders with ownership achieving 5% and above. (Table 6)

TABLE 1

UNIVERSAL CEMENT CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts In Thousands of New Taiwan Dollars, Unless Specified otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature for Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limits for Each Borrower (Note 2)	Aggregate Financing Limits (Note 3)
													Item	Value		
0	The Company	Universal Investment Corporation	Other receivables	Yes	$ 50,000	$ 50,000	$ -	-	For short-term financing	$ -	Operating capital	$ -	None	$ -	$ 100,000	$ 4,664,056
0	The Company	Uneo Incorporated	Other receivables	Yes	50,000	50,000	-	-	For short-term financing	-	Operating capital	-	None	-	100,000	4,664,056
0	The Company	Universal Concrete Industrial Corporation	Other receivables	Yes	50,000	50,000	-	-	For short-term financing	-	Operating capital	-	None	-	100,000	4,664,056

Note 1: a: “0” is the Company.
b: Subsidiaries are numbered from “1”.

Note 2: The upper limit is $100,000 thousand.

Note 3: The upper limit is equivalent to 25% of the net asset value of the financier.

TABLE 2

UNIVERSAL CEMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Endorser / Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed / Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period (Note 6)	Actual Borrowing Amount	Amount Endorsed / Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4 , Note 5, Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Universal Concrete Industrial Corporation	(1)	$ 132,329	$ 120,000	$ 120,000	$ 32,000	$ -	1	$ 18,656,227	Y	N	N
		Universal Investment Corporation	(1)	322,000	250,000	250,000	250,000	-	1	18,656,227	Y	N	N
		Uneo Incorporated	(1)	60,000	50,000	50,000	-	-	-	18,656,227	Y	N	N
1	Kaohsiung Harbor Transport Company	Universal Concrete Industrial Corporation	(3)	490,216	96,604	96,604	-	-	99	980,432	N	N	N
		The Company	(2)	490,216	273,468	273,468	-	-	279	980,432	N	Y	N
2	Universal Investment Corporation	Universal Concrete Industrial Corporation	(3)	1,575,160	9,949	9,949	-	-	3	3,150,319	N	N	N
		The Company	(2)	1,575,160	107,784	107,784	-	-	34	3,150,319	N	Y	N

Note 1: a: “0” is the Company.
b: Subsidiaries are numbered from “1”.

Note 2: (1) The endorser / guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed / guaranteed subsidiary.
(2) The endorser / guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed / guaranteed company.
(3) The endorsed / guaranteed company owns directly and indirectly more than 50% voting shares of the endorser / guarantor parent company.

Note 3: The upper limit for the Company is equivalent to the capital of the endorsee; the upper limit for subsidiaries is equivalent to the net asset value of the subsidiaries except that it is five times of the net asset value of Kaohsiung Harbor Transport Company and Universal Investment Corporation.

Note 4: The upper limit for the Company is equivalent to the net asset value of the Company.

Note 5: The upper limit for the subsidiary is equivalent to the net asset value of the subsidiary as of December 31, 2020, unless the Company or other subsidiaries give more guarantee.

Note 6: The limits were approved by the board of directors.

Note 7: The upper limit for the subsidiary is equivalent to ten times of the net asset value of the subsidiary as of December 31, 2020.

TABLE 3

UNIVERSAL CEMENT CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value Or Net Equity	
The Company	Listed shares							
	Prince Housing & Development Corp.	The president of the Company serves as a member of its board of directors	Financial assets at FVTOCI - current	39,183,948	$ 450,616	2.41	$ 450,616	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	28,441,983	560,307	0.15	560,307	
	Asia Pacific Telecom Corp.	-	Financial assets at FVTOCI - current	3,277,157	33,099	0.09	33,099	
	CHC Resources Co., Ltd.	The Company serves as a member of its board of directors	Financial assets at FVTOCI - current	17,020,254	807,611	6.85	807,611	
	Unlisted shares							
	Grand Bills Finance Co., Ltd.	The Company serves as a member of its board of directors	Financial assets at FVTOCI - non - current	43,999,488	739,191	8.14	739,191	
	Universal Cement Development Co., Ltd.	The Company serves as a member of its board of directors	Financial assets at FVTOCI - non - current	24,864,000	532,090	16.44	532,090	
	Universal Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non - current	1,400,000	10,040	1.16	10,040	
	CTBC Investments Corp.	-	Financial assets at FVTOCI - non - current	3,303,325	126,197	1.05	126,197	
	Kaohsiung Rapid Transit Corp.	-	Financial assets at FVTOCI - non - current	1,286,063	11,774	0.46	11,774	
	Jie-Ho Development Co., Ltd.	-	Financial assets at FVTOCI - non - current	171,133	-	0.16	-	
	Huan Rong Hsin Resource Technology Corp.	-	Financial assets at FVTOCI - non - current	600,000	-	30.00	-	
Universal Investment Corporation	Mutual funds							
	Cathay No. 2 Real Estate Investment Trust	-	Financial assets at FVTPL	24,000	478	-	478	
	Listed shares							
	Prince Housing & Development Corp.	The president of the Company serves as a member of its board of directors.	Financial assets at FVTOCI - current	34,928,900	401,682	2.15	401,682	
	Tainan Spinning Co., Ltd.	The legal entity as director and the president of the Company serve as representatives of the legal entity.	Financial assets at FVTOCI - current	55	1	-	1	
	Unlisted shares							
	Pan Asia (Engineers & Constructors) Corporation.	Subsidiary serves as a member of its board of directors	Financial assets at FVTOCI - non-current	3,102,803	31,959	2.71	31,959	
	Chinese Products Promotion Center	-	Financial assets at FVTOCI - non-current	7,540	554	1.98	554	
	Da Jen Venture Capital Co., Ltd.	The legal entity as director of the Company serves as a member of its board of directors.	Financial assets at FVTOCI - non-current	1,683,000	29,581	8.06	29,581	
	DarChan Venture Capital Co., Ltd.	The legal entity as director of the Company serves as a member of its board of directors.	Financial assets at FVTOCI - non-current	2,000,000	17,893	3.64	17,893	

UNIVERSAL CEMENT CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2020
(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Kaohsiung Harbor Transport Company	Subsidiary	Purchase (Freight)	$ 219,725	8	45 ~ 60 days after shipment	Note	Equivalent	($ 29,248)	(6)	
	CHC Resources Corp.	The key management of the Corporation serves as a member of its board of directors	Purchase	221,766	8	60 days	Equivalent	Equivalent	(39,455)	(8)	

Note : The purchase prices have no comparison with those from third parties.

UNIVERSAL CEMENT CORPORATION

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount			
The Company	Huanchung Cement International Corporation	Taichung city	Import, export, and sale of cement, cement material, fuel, and production	$ 69,993	$ 69,993	6,999,333	69.99	$ 105,232	$ 8,143	$ 5,700	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	22,643	22,643	2,252,378	86.63	40,737	(128)	(112)	
	Kaohsiung Harbor Transport Company	Kaohsiung city	Trucking operation	74,580	74,580	7,560,000	100.00	98,044	4,040	4,040	
	Universal Investment Corporation	Taipei city	Investment activities	250,000	250,000	32,200,000	100.00	315,031	31,641	31,641	
	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	32,284	30,464	7,567,546	57.19	106,396	23,609	13,492	
	Uneo Incorporated	Taipei city	Marketing of electronic Products	291,671	241,671	6,000,000	100.00	45,389	(8,236)	(8,236)	
	Li Yong Development Corporation	Taipei city	Investment activities, trading for real estate and leasing business	20,000	-	2,000,000	100.00	20,000	-	-	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	174,997	174,997	89,581,468	29.86	10,023,459	2,367,104	706,818	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete	41,454	41,454	1,145,000	38.17	53,790	2,516	969	
Universal Investment Corporation	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	858	858	115,494	0.87	858	-	-	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	5	5	361	0.01	5	-	-	
	Huanchung Cement International Corporation	Taichung city	Import, export, and sale of cement, cement material, fuel, and production	13	13	667	0.01	13	-	-	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete	178	178	10,000	0.33	179	-	-	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	93	93	1,680	-	93	-	-	

UNIVERSAL CEMENT CORPORATION

INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name of the major shareholder	Shares	
	Number of shares held (share)	Shareholding (%)
Sheng Yuan Investment Corp.	65,255,811	9.98%
Yu-Sheng Investment Inc.	64,532,037	9.87%
HOU, BO-YI	50,888,251	7.78%
PICTET investment account entrusted to HSBC	38,867,405	5.94%

Note 1: The information on major shareholders in the table is information related to shareholders with aggregate ownership in the Company achieving 5% and above by holding ordinary shares and special shares that completed the non-physical registration and delivery (including treasury shares), calculated by the TDCC on the last business day at the end of the quarter. The share capital stated in the consolidated financial report of the Company may differ from the number of shares that completed the non-physical registration and delivery due to the differences in the basis of preparation and calculation.

Note 2: Regarding the information above, where shareholders entrust their shares with a trust, the information shall be disclosed in a separate personal account of the client in the nature of a trust account opened by the trustee. When shareholders with shareholding over 10% carrying out the insider's equity report according to laws and regulations related to securities trading, the shareholding shall include its personal shareholding, plus shares entrusted with trust and possessing the right of utilization and decision-making. For information on the insider's equity report, please refer to MOPS.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SCHEDULE 1

Universal Cement Corporation

STATEMENT OF CASH
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars ,Unless Specified Otherwise)

Item	Amount
Cash on hand	$ 413
Bank deposits	
Checking accounts	27,150
Demand deposits	88,527
Foreign currency deposits (Note)	9,092
	$ 125,182

Note: Include US$57,179, €9,776, RMB1,146,575, HK$27,346, and JPY7,248,010 (US$1＝$28.48、EUR$1=$35.02、RMB$1=4.377、HKD$1＝$3.673 及 JPY$1 ＝0.2763).

SCHEDULE 2

Universal Cement Corporation

STATEMENTS OF FINANCIAL ASSETS AT FVOCI – CURRENT

DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

	Number of shares	Amount	Acquisition costs	Fair Value (Note) Unit price (NT$)	Fair Value (Note) Total	Guarantee provided or pledge
Current						
Shares of listed domestic companies						
Prince Housing & Development Corp.	39,183,948	$ 450,616	$ 585,892	$ 11.50	$ 450,616	None
CTBC Financial Holding Co., Ltd.	28,441,983	560,307	455,560	19.70	560,307	None
Asia Pacific Telecom Co., Ltd.	3,277,157	33,099	32,772	10.10	33,099	None
CHC Resources Co., Ltd	17,020,254	807,611	108,500	47.45	807,611	None
		$ 1,851,633	$ 1,182,724		$ 1,851,633	

Note: Please refer to Note 29.

SCHEDULE 3

Universal Cement Corporation

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name	Amount	
Kun Yi Building Materials Co., Ltd.	$	24,548
Yung Ching Construction Co., Ltd.		22,717
Others (Note)		314,787
	$	362,052

Note: The balance of each company is less than 5% of the balance under this item.

SCHEDULE 4

Universal Cement Corporation

STATEMENT OF NOTES ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name	Amount
Non-related party	
Hung Hsin Building Materials Co., Ltd.	$ 62,160
Futsu Construction Co., Ltd.	46,017
Others (Note)	693,195
	801,372
Less: loss provisions	5,070
	$ 796,302
Related party	
Pan Asia (Engineers & Constructors) Corporation	$ 45,681
Others (Note)	6,630
	52,311
Less: loss provisions	3
	$ 52,308

Note: The balance of each company is less than 5% of the balance under this item.

SCHEDULE 5

Universal Cement Corporation

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Costs	Net realizable value
Finished goods	$ 72,136	$ 91,267
Work in progress	10,184	10,184
Raw materials	164,970	167,526
	$ 247,290	$ 268,977

Note: Please refer to Note 4 for the basis of net realizable value.

SCHEDULE 6

Universal Cement Corporation

STATEMENT OF FINANCIAL ASSETS AT FVOCI-NON-CURRENT
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Opening balances		Increase (decrease) during the year			Closing balances			
Name	Number of shares	Amount	Number of shares	Amount	Unrealized gain or loss on financial assets	Number of shares	Fair value	Guarantee provided or pledge	NOTE
Shares of unlisted companies									
Universal Venture Capital Co., Ltd	1,400,000	$ 11,397		$	($ 1,357)	1,400,000	$ 10,040	None	
CTBC Investments Corp.	3,303,325	147,928			(21,731)	3,303,325	126,197	None	
Universal Cement Development Co., Ltd.	24,864,000	489,821			42,269	24,864,000	532,090	None	
Grand Bills Finance Co., Ltd.	43,999,488	664,392			74,799	43,999,488	739,191	None	
Chia Huan Tung Cement Corp.	11,918,056	21,377	(11,918,056)	(21,039)	(338)	-	-	None	Note
Kaohsiung Rapid Transit Corp.	1,286,063	14,241			(2,467)		11,774	None	
		$ 1,349,156		($ 21,039)	$ 91,175		$ 1,419,292		

Note: The decrease during the year was resulting from the completion of Chia Huan Tung Cement Corporation's liquidation and the return of share capital.

SCHEDULE 7

Universal Cement Corporation

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Opening balance											Closing balance					
	Number of shares	Amount	Number of shares	Amount	Gain (loss) on investments	Capital reserve	Undistributed earnings	Actuarial gains from defined benefit plans	Cumulative translation adjustments	Unrealized gain (loss) on financial products	Other interests	Number of shares	Shareholding (%)	Amount	Market price or net equity	Guarantee provided or pledge	Note
Investment in subsidiary																	
Huanchung Cement International Corporation	6,999,333	$ 101,297	-	($ 1,820)	$ 5,700	$ -	$ -	$ 55	$ -	$ -	$ -	6,999,333	69.99	$ 105,232	$ 105,232	None	NOTE1
Universal Investment Corporation	29,300,000	282,166	2,900,000	-	31,641	-	-	-	-	1,224	-	32,200,000	100.00	315,031	315,031	None	NOTE2
Universal Concrete Industrial Corporation	7,402,136	90,682	165,410	1,820	13,492	418	-	(16)	-	-	-	7,567,546	57.19	106,396	106,396	None	NOTE3
Kaohsiung Harbor Transport Corporation	7,560,000	99,151	-	(5,133)	4,040	-	-	(14)	-	-	-	7,560,000	100.00	98,044	98,044	None	NOTE1
Chiayi Concrete Industrial Corporation	2,252,378	40,849	-	-	(112)	-	-	-	-	-	-	2,252,378	86.63	40,737	40,737	None	NOTE4
Uneo Incorporated	15,000,000	3,625	(9,000,000)	50,000	(8,236)	-	-	-	-	-	-	6,000,000	100	45,389	45,389	None	NOTE5
Li Yong Development Corporation	-	-	2,000,000	20,000	-	-	-	-	-	-	-	2,000,000	100	20,000	20,000	None	
		617,770		64,867	46,525	418	-	25	-	1,224	-			730,829	730,829	None	NOTE1
Investment in associate																	
Lioho Machine Works Co., Ltd.	89,581,468	9,584,952	-	(358,326)	706,818	1,491	(7,266)	1,161	114,138	(2,292)	(17,217)	89,581,468	29.86	10,023,459	10,023,459	None	NOTE1
Tainan Concrete Industrial Corporation	1,145,000	55,231	-	(1,946)	969	-	-	-	-	(464)	-	1,145,000	38.17	53,790	53,790	None	
		9,640,183		(360,272)	707,787	1,491	(7,266)	1,161	114,138	(2,756)	(17,217)			10,077,249	10,077,249	None	
		$10,257,953		($ 295,405)	$ 754,312	$ 1,909	($ 7,266)	$ 1,186	$ 114,138	($ 1,532)	($ 17,217)			$10,808,078	$10,808,078	None	

Note 1 The decrease during the year was cash dividends received.
Note 2: Number of shares increased during the year was the investee company’s capital increase transferred from earnings amounted to NT$29,000 thousand.
Note 3: The increase during the year was the acquisition of minority equity, and a capital reserve of NT$418 thousand was recognized.
Note 4: The increase during the year was the investee company’s capital increase by cash amounted to NT$50,000 thousand. The decrease in the number of shares during the year was the investee company’s capital reduction for compensating losses amounted to NT$140,000 thousand.
Note 5: Investee company newly established during the year.

SCHEDULE 8

Universal Cement Corporation

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Building	Transportation Equipment	Total
Costs			
Balances at January 1, 2020	$ 50,173	$ 2,993	$ 53,166
Increase during the year	3,756	9,024	12,780
Decrease during the year	(1,193)	(1,622)	(2,815)
Balance at December 31, 2020	$ 52,736	$ 10,395	$ 63,131
Cumulative depreciation			
Balances at January 1, 2020	$ 17,035	$ 1,304	$ 18,339
Depreciation expenses	17,236	2,958	20,194
Decrease during the year	(1,193)	(1,216)	(2,409)
Balance at December 31, 2020	$ 33,078	$ 3,046	$ 36,124
Net amounts at December 31,2020	$ 19,658	$ 7,349	$ 27,007

Universal Cement Corporation

STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Contract period (Note 2)	Rate per annum (%)	Closing balances	Financing limit (Note 1)	Pledge or guarantee
Credit borrowings					
First Commercial Bank	December 22, 2020~ January 21, 2021	0.86	$ 265,000	$ 500,000	NONE
Taipei Fubon Bank	December 16, 2020~ June 11, 2021	0.85	300,000	300,000	NONE
Cathay United Bank	November 24, 2020~ January 7, 2021	0.90	120,000	200,000	NONE
Bank of Taiwan	December 29, 2020~ March 29, 2021	0.86	300,000	300,000	NONE
Taishin International Bank	December 28, 2020~ January 28, 2021	0.86	300,000	300,000	NONE
			$1,285,000		

Note 1: The financing limit of First Commercial Bank is a limit shared by short-term and mid-term borrowings.

Note 2: Refers to the period of utilization.

SCHEDULE 10

Universal Cement Corporation

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name of the supplier	Amount
Non-related party	
Data Systems Consulting Co., Ltd.	$ 209

SCHEDULE 11

Universal Cement Corporation

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name of the supplier	Amount
Non-related party	
Taiwan Cement Corp.	$ 129,282
Shiny Gravel Corp.	51,165
Gaotai Gravel Corp.	39,709
Hongjin Transportation Corp.	27,008
Xinling Industrial Corp.	25,546
Others (Note)	198,291
	$ 471,001
Related party	
China Hi-Ment Co., Ltd	$ 39,455
Kaohsiung Wharf Transportation	13,207
	$ 52,662

Note: The balance of each company is less than 5% of the balance under this item.

SCHEDULE 12

Universal Cement Corporation

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Description	Lease period	Discount rate (%)	Closing balances
Building	Central Office	April 2020 -March 2025	0.9	$ 1,631
Building	Southern Office	August 2020 -July 2023	0.9	1,165
Building	Yongkang Concrete Plant	October 2018 -October 2021	0.9	4,738
Building	Tainan Concrete Plant	September 2016 - August 2021	0.9	3,431
Building	Fengshan Concrete Plant	September 2015 - August 2022	0.9	8,875
Transportation equipment	Service car for Tainan Office	March 2018 -March 2021	0.9	154
Transportation equipment	Service car for headquarters	December 2019 -December 2022	1.0	2,423
Transportation equipment	Service car for headquarters	February 2020 -February 2024	1.0	1,694
Transportation equipment	Service car for Dahu Gypsum Board Plant	December 2020 -December 2025	0.9	1,291
Transportation equipment	Service car for headquarters	October 2020 -September 2024	0.9	1,810
				$ 27,212

SCHEDULE 13

Universal Cement Corporation

STATEMENT OF NET REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Cement	283 thousand tons	$ 692,463
Concrete	1,577 thousand cubic meters	3,059,872
Gypsum board	13,849 thousand cubic meters	800,757
Others		10,298
		4,563,390
Less: sales return and discounts		67,874
		$ 4,495,516

SCHEDULE 14

Universal Cement Corporation

STATEMENT OF OPERATING COSTS
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials at the beginning of the year	$ 137,096
Add: incoming materials during the year	2,123,341
Net inventory	563
Less: raw materials at the end of the year	164,970
Others	13,291
Direct raw materials consumption	2,082,739
Direct labor	90,241
Manufacturing expenses	718,259
Manufacturing costs	2,891,239
Add: work in progress at the beginning of the year	15,381
Incoming materials during the year	645,584
Less: raw materials at the end of the year	10,184
Others	21,647
Cost of finished goods	3,520,373
Add: finished goods at the beginning of the year	66,490
Excise tax	131,353
Purchase of finished goods	5,927
Others	39,710
Less: finished goods at the end of the year	72,136
Cost of sales	3,691,717
Add: unamortized fixed manufacturing expenses	3,433
Less: reject income	974
Net inventory	563
Operating costs	$ 3,693,613

SCHEDULE 15

Universal Cement Corporation

STATEMENT OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Marketing expenses	Management fees	R&D expenses	Expected credit loss (the "ECL")	Total
Salaries and wages, bonus,and employee's remuneration	$ 32,885	$ 48,262	$ 31,842	$ -	$ 112,989
Freight	30,384	-	-	-	30,384
Commission expenses	23,515	-	-	-	23,515
Director's remuneration	-	28,333	-	-	28,333
Depreciation	906	18,098	1,448	-	20,452
Taxation	47	10,903	48	-	10,998
ECL	-	-	-	536	536
Others (Note)	18,033	51,871	34,908	-	104,812
	$ 105,770	$ 157,467	$ 68,246	$ 536	$ 332,019

Note: The balance of each company is less than 5% of the balance under this item.

Universal Cement Corporation

STATEMENT FOR FUNCTION SUMMARY FOR EMPLOYEE'S BENEFIT, DEPRECIATION, AND AMORTIZATION EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	FOR THE YEARS ENDED DECEMBER 31, 2020				FOR THE YEARS ENDED DECEMBER 31, 2019			
Item	Operating costs	Operating expenses	Non-operating income and expenses	Total	Operating costs	Operating expenses	Non-operating income and expenses	Total
Employee's benefit								
Salaries	$ 244,161	$ 112,989	$ -	$ 357,150	$ 211,961	$ 98,685	$ -	$ 310,646
Labor and health insurance premium	20,310	12,161	-	32,471	21,689	12,310	-	33,999
Pension	11,143	6,347	-	17,490	11,899	6,604	-	18,503
Director's remuneration	-	28,333	-	28,333	-	26,420	-	26,420
Others	6,038	7,485	-	13,523	7,162	6,938	-	14,100
	$ 281,652	$ 167,315	$ -	$ 448,967	$ 252,711	$ 150,957	$ -	$ 403,668
Depreciation	$ 72,112	$ 20,452	$ 647	$ 93,211	$ 70,239	$ 21,157	$ 827	$ 92,223
Amortization	$ -	$ 1,511	$ -	$ 1,511	$ -	$ 1,522	$ -	$ 1,522

Note:

1. Number of employees for the current year and the previous year was 424 and 402, respectively, in which there were 4 and 5 directors who are not concurrently employees.
2. Companies whose shares are listed and traded on TWSE or TPEx shall disclose the following information:
   (1) Average employee's benefit expenses for the year amounted to NT$1,002 thousand ("total employee's benefit expenses for the year – total director's remuneration"/"number of employees for the year – number of directors who are not concurrently employees"). Average employee's benefit expenses for the previous year amounted to NT$950 thousand ("total employee's benefit expenses for the previous year – total director's remuneration"/"number of employees for the previous year – number of directors who are not concurrently employees").
   (2) Average employee's salary expenses for the year amounted to NT$850 thousand (total salary expenses for the year/"number of employees for the year – number of directors who are not concurrently employees"). Average employee's salary expenses for the previous year amounted to NT$782 thousand (total salary expenses for the previous year/"number of employees for the previous year – number of directors who are not concurrently employees").
   (3) Average adjustments and changes in employee's salary expenses achieved 9% ("average employee's salary expenses for the year - average employee's salary expenses for the previous year"/average employee's salary expenses for the previous year).
3. The Company has established its Audit Committee, and the Company has no supervisor.
4. Salary and remuneration policy:
   (1) Remuneration shall be provided for directors of the Company in executing the Company's businesses, and the amount shall be subject to its participation in the Company's operations and the value of its contribution. According to the requirements under Article 29 of the Company's articles of association, the remuneration for the Company's chairman, vice-chairman, and directors regarding the execution of their duties shall be determined by the board of directors based on the standards within the industry, taking into account its contribution, performance and the future risks of the Company. Furthermore, according to Article 33, where the Company recorded a profit during the year, the board of directors may resolve to allocate no more than 3% of the abovementioned profit as director's remuneration, which may only be distributed in cash.
   (2) General manager, vice general manager, assistant managers, and other management of the Company execute the Company's operations according to the orders from the board of directors; their remuneration shall be subject to the requirements of Article 31 of the Company's articles of association and Article 29 of the Company Act. The standards or the management's remuneration shall be determined based on its personal performance and its contribution to the overall operations of the Company, with reference to the payment standards in the market.
   (3) For directors and management listed in paragraphs (1) and (2) above, their salary and remuneration policy, system, structure, salary/remuneration shall be subject to the requirements under the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, and submitted to the Remuneration Committee for review and discussion.
   (4) The employee's remuneration policy is determined based on personal competency, contribution to the Company, performance, market value of the post, taking into account the future operating risks of the Company, which shall be positively correlated to the operating performance. Where the Company recorded a profit for the year, the Company shall allocate no less than 1% as the employee's remuneration according to the requirements under the Articles of Association. The overall remuneration package for employees primarily includes the fixed basic salaries, bonuses, and benefits. Regarding the payment standards, fixed basic salaries are approved and paid in accordance with the market trend of the post held by employees, bonuses are distributed based on the achievement of the employee's and the department's objectives and the Company's operating performance, while benefits are designed for employees according to the requirements under the laws and regulations, with equal considerations given to the demands of employees.