Universal Cement Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

UNIVERSAL CEMENT CORPORATION

By

BO YI HOU

Chairman

March 23, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Occurrence of sales of concrete products

Refer to Note 4(13) and Note 24. The Group mainly manufactures and sells cement, ready mixed concrete and gypsum board panels. The sales amount of some concrete products changed greatly in 2020 and the change can be due to changes in volume or price or both. Sales is the main source of the Group's revenue and has a material impact on the Group's consolidated financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

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

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

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

Other Matter

We have also audited the parent company only financial statements of Universal Cement Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 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

<u>*Notice to Readers*</u>

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

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

Universal Cement Corporation and Subsidiaries

CONSOLIDATED 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)	$ 294,665	1	$ 250,642	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	478	-	1,378	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,253,316	10	2,331,463	10
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	75,457	-	89,070	-
Contract assets - current (Notes 4 and 24)	5,718	-	3,892	-
Contract assets from related parties - current (Notes 4, 24 and 32)	7,955	-	12,353	-
Notes receivable (Notes 4,11 and 24)	464,831	2	418,140	2
Net Accounts receivable (Notes 4,11 and 24)	895,947	4	817,584	4
Accounts receivable from related parties (Notes 4,11,24 and 32)	52,251	-	42,913	-
Other receivables (Notes 4)	1,309	-	1,772	-
Current tax assets (Notes 4 and 26)	31	-	32	-
Inventories (Notes 4 and 12)	283,445	1	264,170	1
Prepayments	48,563	-	21,933	-
Other current assets	7,674	-	11,920	-
Total current assets	4,391,640	18	4,267,262	18
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,499,279	6	1,418,905	6
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 33)	41,797	-	52,830	-
Investments accounted for using equity method (Notes 4 and 14)	10,077,521	42	9,640,456	41
Property, plant and equipment (Notes 4 and 15)	6,680,071	28	6,180,847	27
Right - of - use assets (Notes 4 and 16)	308,924	1	225,811	1
Investment properties (Notes 4 and 17)	444,858	2	870,162	4
Other intangible assets (Notes 4 and 18)	8,075	-	7,854	-
Deferred tax assets (Notes 4 and 26)	8,245	-	3,860	-
Prepayments for equipment(Notes 15)	642,147	3	733,567	3
Other non-current assets	379	-	379	-
Total non-current assets	19,711,296	82	19,134,671	82
TOTAL	$ 24,102,936	100	$ 23,401,933	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 19)	$ 1,467,000	6	$ 1,282,000	6
Short-term bills payable (Note 19)	1,231,875	5	1,503,710	7
Contract liabilities - current (Notes 4 and 24)	4,457	-	7,368	-
Notes payable (Note 20)	132,997	1	122,710	1
Notes payable to related parties (Notes 20 and 32)	-	-	2,573	-
Accounts Payable (Note 20)	494,546	2	494,582	2
Accounts Payable to related parties (Notes 20 and 32)	45,801	-	34,478	-
Dividend Payable	-	-	22,487	-
Other payables (Note 21)	294,528	1	238,990	1
Current tax liabilities (Notes 26)	48,156	-	48,612	-
Lease liabilities - current (Notes 4, 16 and 32)	56,039	1	45,304	-
Other current liabilities (Note 21)	20,025	-	29,040	-
Total current liabilities	3,795,424	16	3,831,854	17
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 26)	1,188,219	5	1,189,797	5
Lease liabilities - non-current (Notes 4, 16 and 32)	259,001	1	182,939	1
Guarantee deposits	10,889	-	11,369	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	64,050	-	82,928	-
Total non-current liabilities	1,522,159	6	1,467,033	6
Total liabilities	5,317,583	22	5,298,887	23
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Capital stock - common stock	6,536,092	27	6,536,092	28
Capital surplus	65,822	-	41,430	-
Retained earnings				
Legal reserve	2,491,500	11	2,377,952	10
Special reserve	3,185,793	13	3,185,793	14
Unappropriated earnings	5,838,490	24	5,449,899	23
Total retained earnings	11,515,783	48	11,013,644	47
Other equity	538,530	2	392,291	2
Total equity attributable to owners of the Company	18,656,227	77	17,983,457	77
NON - CONTROLLING INTERESTS	129,126	1	119,589	-
Total equity	18,785,353	78	18,103,046	77
TOTAL	$ 24,102,936	100	$ 23,401,933	100

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

Universal Cement Corporation and Subsidiaries

CONSOLIDATED 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, 24 and 32)	$ 5,426,217	100	$ 5,005,731	100
OPERATING COSTS (Notes 12, 22,25 and 32)	4,519,186	83	4,418,966	88
GROSS PROFIT	907,031	17	586,765	12
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	101,731	2	111,291	2
General and administrative expenses	241,974	5	234,573	5
Research and development expenses	69,195	1	68,691	2
Expected credit loss	989	-	1,315	-
Total operating expenses	413,889	8	415,870	9
PROFIT FROM OPERATIONS	493,142	9	170,895	3
NON-OPERATING INCOME AND EXPENSES(Notes 14, 25 and 32)				
Interest income	1,361	-	1,854	-
Other income	226,721	4	209,216	4
Other gains and losses	(100,096)	(2)	(18,676)	-
Interest expenses	(31,401)	-	(32,908)	(1)
Share of profit or loss of associates	707,787	13	868,297	18
Total non-operating income and expenses	804,372	15	1,027,783	21
PROFIT BEFORE INCOME TAX	1,297,514	24	1,198,678	24
INCOME TAX EXPENSE (Notes 4 and 26)	37,719	1	56,996	1
NET PROFIT FOR THE YEAR	1,259,795	23	1,141,682	23
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,666)	-	10,788	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(27,180)	-	157,527	3
Share of the other comprehensive income or loss of associates accounted for using the equity method	(1,595)	-	3,672	-

(Continued)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED 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	$ 1,533	-	($ 2,157)	-
	(34,908)	-	169,830	3
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	2	(353,086)	(7)
	114,138	2	(353,086)	(7)
Other comprehensive income (loss) for the year, net of income tax	79,230	2	(183,256)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,339,025	25	$ 958,426	19
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 1,247,252	23	$ 1,135,477	23
Non-controlling interests	12,543	-	6,205	-
	$ 1,259,795	23	$ 1,141,682	23
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 1,326,470	25	$ 952,128	19
Non-controlling interests	12,555	-	6,298	-
	$ 1,339,025	25	$ 958,426	19
EARNINGS PER SHARE (Note 27)				
Basic	$ 1.91		$ 1.74	
Diluted	$ 1.90		$ 1.73	

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

(Concluded)

Universal Cement Corporation and Subsidiaries

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

	Equity Attributable to Owners of the Company												
			Retained Earnings			Other Equity							
	Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	other	Total	Total	Non-controlling Interests	Total Equity
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	$ 113,952	$ 17,829,273
Appropriation of 2018 earnings (Note 23)													
Legal reserve	-	-	105,729	-	(105,729)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)	-	(653,609)
Changes in recognition of associates accounted for using equity method	-	165	-	-	(30,548)	-	-	-	-	-	(30,383)	-	(30,383)
Net profit for the year ended December 31, 2019	-	-	-	-	1,135,477	-	-	-	-	-	1,135,477	6,205	1,141,682
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)	93	(183,256)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,135,477	(353,086)	158,643	11,094	-	(183,349)	952,128	6,298	958,426
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(661)	(661)
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	119,589	18,103,046
Appropriation of 2019 earnings (Note 23)													
Legal reserve	-	-	113,548	-	(113,548)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)	-	(653,609)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 28)	-	418	-	-	-	-	-	-	-	-	418	(2,238)	(1,820)
Changes in recognition of associates accounted for using equity method	-	1,491	-	-	(7,266)	-	-	-	(17,217)	(17,217)	(22,992)	-	(22,992)
Overdue dividends not collected by shareholders	-	22,483	-	-	-	-	-	-	-	-	22,483	-	22,483
Net profit for the year ended December 31, 2020	-	-	-	-	1,247,252	-	-	-	-	-	1,247,252	12,543	1,259,795
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	12	79,230
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	12,555	1,339,025
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(780)	(780)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 8 and 23)	-	-	-	-	(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	$ 129,126	$ 18,785,353

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

Universal Cement Corporation and Subsidiaries

CONSOLIDATED 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	$ 1,297,514	$ 1,198,678
Adjustments for:		
Depreciation expenses	135,260	128,926
Amortization expenses	1,800	1,795
Expected credit loss recognized	989	1,315
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	23	(212)
Interest expenses	31,401	32,908
Interest income	(1,361)	(1,854)
Dividend income	(172,561)	(151,662)
Share of profit of associates	(707,787)	(868,297)
Loss (Gain) on disposal of property, plant and equipment net	(760)	158
Gain on disposal of investment properties	(8,579)	-
Inventory write-downs	443	-
Impairment losses on assets	103,012	-
Gain on lease modification	(3)	-
Changes in operating assets and liabilities		
Contract assets (Including related parties)	3,101	5,798
Notes receivable	(46,691)	23,976
Accounts receivable (Including related parties)	(89,219)	(86,622)
Other receivables	471	26,123
Inventories	(19,718)	29,711
Prepayments	(26,630)	(10,640)
Other current assets	4,246	(2,587)
Contract liabilities	(2,911)	73
Notes payable (Including related parties)	7,714	(36,142)
Accounts payable (Including related parties)	11,287	7,376
Other payables	37,114	13,336
Other current liabilities	(9,015)	9,877
Net defined benefit liability	(26,544)	(20,072)
Cash generated from operations	522,596	301,962
Interest received	1,385	1,868
Dividends received	532,834	511,362
Income tax paid	(42,636)	(65,313)
Net cash generated from operating activities	1,014,179	749,879
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through other comprehensive income	(50,446)	(80,804)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	21,039	-
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	2,295

(Continued)

Universal Cement Corporation and Subsidiaries

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

	2020	2019
Increase in financial assets at amortized cost	($ 14,866)	($ 20,872)
Decrease in financial assets at amortized cost	39,512	13,498
Refunds from financial assets at fair value through profit or loss	877	-
Acquisitions of non-controlling interests	(1,820)	-
Payments for property, plant and equipment	(168,830)	(243,532)
Refunds from disposal of property, plant and equipment	786	13
Payments for intangible assets	(2,021)	(1,101)
Payments for investment properties	-	(78,780)
Refunds from disposal of investment properties	28,364	-
Increase (Decrease) in other non-current assets	-	(1)
Net cash used in investing activities	(147,405)	(409,284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	185,000	255,000
Proceeds from short-term bills payable	(272,000)	115,000
Proceeds from guarantee deposits received	200	2,767
Refund of guarantee deposits received	(680)	(1,678)
Repayment of the principal portion of lease liabilities	(49,533)	(42,756)
Dividends paid to owners of the Company	(653,613)	(653,611)
Interest Paid	(31,345)	(33,440)
Dividends paid to non-controlling interests	(780)	(661)
Net cash used in financing activities	(822,751)	(359,379)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	44,023	(18,784)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	250,642	269,426
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 294,665	$ 250,642

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

(Concluded)

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Company's board of directors on March 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 Group's accounting policies:

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

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

c. 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 Group 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 Group is not required to disclose such information.

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

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

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

(4) Relevant accounting policies where the Group 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 Group 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 consolidated financial report, the Group 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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 13 and table 5 for detailed information on subsidiaries (including percentages of ownership and main business).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investment in associates

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

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

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

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

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

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

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with 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 Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

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

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

n. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

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 Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group 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	$ 520	$ 287
Checking accounts and demand deposits	237,245	210,207
Cash equivalent (investments with original maturities less than 3 months)		
Time deposits	56,900	40,148
	$ 294,665	$ 250,642

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 478	$ 1,378

8. 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	$ 2,253,316	$ 2,331,463
Investments in equity instruments at FVTOCI - Non-current		
Domestic investments		
Unlisted shares	$ 1,499,279	$ 1,418,905

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Time deposits with original maturity of more than 3 months (a)	$ 75,390	$ 89,003
Pledged time deposits (a)	67	67
	$ 75,457	$ 89,070
Non-current		
Pledged time deposits (a)	$ 35,864	$ 47,033
Refundable deposits	5,933	5,797
	$ 41,797	$ 52,830

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.09%-0.815% and 0.6%-2.5% per annum as of December 31, 2020 and 2019, respectively. The information on pledged time deposits is set out in Note 33.

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

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	December 31	
	2020	2019
Financial assets at amortized cost - current	$ 75,457	$ 89,070
Financial assets at amortized cost - non-current	41,797	52,830
	$ 117,254	$ 141,900

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

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

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Notes receivable - operating	$ 462,720	$ 417,807
Notes receivable - non-operating	2,111	333
	$ 464,831	$ 418,140
Accounts receivable (Including related parties)		
At amortized cost	$ 957,906	$ 868,687
Less: Allowance for impairment loss	9,708	8,190
	$ 948,198	$ 860,497

The average collection period for receivables due to sales was between 30 to 90 days. No interest was charged on accounts receivable.In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

Notes receivable

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

Accounts receivable (Including related parties)

The following table details the loss allowance of accounts receivables based on the Group'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% ~ 7.91%	0.09 ~ 0.44%	0.29% ~ 0.67%	1.13% ~ 1.33%	2.99% ~ 6.54%	11.28% ~ 17.39%	100%	
Gross carrying amount	$ 732,181	$ 129,885	$ 62,193	$ 18,612	$ 6,499	$ 1,982	$ 6,554	$ 957,906
Loss allowance (Lifetime ECL)	(1,502)	(209)	(215)	(230)	(377)	(621)	(6,554)	(9,708)
Amortized cost	$ 730,679	$ 129,676	$ 61,978	$ 18,382	$ 6,122	$ 1,361	$ -	$ 948,198

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% ~ 7.51%	0.1% ~ 0.35%	0.38% ~ 0.53%	1.01% ~ 2.09%	2.86% ~ 9.20%	15.02% ~ 21.92%	100%	
Gross carrying amount	$ 606,037	$ 172,958	$ 62,200	$ 17,819	$ 386	$ 5,130	$ 4,157	$ 868,687
Loss allowance (Lifetime ECL)	(1,258)	(239)	(252)	(319)	(34)	(1,931)	(4,157)	(8,190)
Amortized cost	$ 604,779	$ 172,719	$ 61,948	$ 17,500	$ 352	$ 3,199	$ -	$ 860,497

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	$ 3,898	$ 8,190	$ 12,088
Add: Net remeasurement of loss allowance	(529)	1,518	989
Balance at December 31, 2020	$ 3,369	$ 9,708	$ 13,077

December 31, 2019

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2019	$ 3,673	$ 7,239	$ 10,912
Add: Net remeasurement of loss allowance	225	1,090	1,315
Less: Amounts written off	-	(139)	(139)
Balance at December 31, 2019	$ 3,898	$ 8,190	$ 12,088

12. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 19,071	$ 30,756
Finished goods	74,625	68,720
Work in process	10,531	15,396
Raw materials and supplies	179,218	149,298
	$ 283,445	$ 264,170

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $ 4,519,186 thousand and $ 4,418,966 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

			Proportion of Ownership December 31		
Investor	Investee	Nature of Activities	2020	2019	Remark
Universal Cement Corporation	Chiayi Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete	86.63	86.63	-
〃	Huanchung Cement International Corporation	Manufacturing, marketing, importing and exporting of cement and cement clinker	69.99	69.99	-
〃	Kaohsiung Harbor Transport Company	Trucking operation	100.00	100.00	-
〃	Universal Investment Corporation	Investment activities	100.00	100.00	-
〃	Universal Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete and gravel	57.19	55.94	Note 1
〃	Uneo Incorporated	Marketing of electronic products	100.00	100.00	-
	Li Yong Development Corporation	Investment activities, trading for real estate and leasing business	100.00	-	Note 2
Universal Investment Corporation	Universal Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete and gravel	0.87	0.87	-
〃	Chiayi Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete	0.01	0.01	-
〃	Huanchung Cement International Corporation	Manufacturing, marketing, importing and exporting of cement and cement clinker	0.01	0.01	-

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.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Material associate		
Lioho Machine Works Ltd.	$ 10,023,552	$ 9,585,045
Associates that are not individually material		
Tainan Concrete Industrial Corporation	53,969	55,411
	$ 10,077,521	$ 9,640,456

a. 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 Group 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

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2019	$ 4,670,702	$ 1,639,203	$ 3,324,873	$ 539,512	$ 746,186	$ 421,564	$11,342,040
Additions	-	4,349	23,182	9,888	11,328	143,047	191,794
Disposals	-	(4,775)	(1,378)	(5,371)	(8,721)	-	(20,245)
Reclassification from investment properties	21,744	(594)	-	-	(370)	-	20,780
Balance at December 31, 2019	$ 4,692,446	$ 1,638,183	$ 3,346,677	$ 544,029	$ 748,423	$ 564,611	$11,534,369
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,100,781	$ 3,158,924	$ 475,069	$ 556,589	$ -	$ 5,291,363
Disposals	-	20,572	33,095	13,192	15,360	-	82,219
Depreciation expense	-	(4,775)	(1,208)	(5,370)	(8,721)	-	(20,074)
Reclassification from investment properties	-	-	-	-	14	-	14
Balance at December 31, 2019	$ -	$ 1,116,578	$ 3,190,811	$ 482,891	$ 563,242	$ -	$ 5,353,522
Carrying amounts at December 31, 2019	$ 4,692,446	$ 521,605	$ 155,866	$ 61,138	$ 185,181	$ 564,611	$ 6,180,847
Cost							
Balance at January 1, 2020	$ 4,692,446	$ 1,638,183	$ 3,346,677	$ 544,029	$ 748,423	$ 564,611	$11,534,369
Additions	-	42,127	66,683	31,013	33,092	5,299	178,214
Disposals	-	(380)	(8,550)	(14,260)	(22,941)	-	(46,131)
Reclassification from investment properties	404,481	11,853	-	-	-	-	416,334
Balance at December 31, 2020	$ 5,096,927	$ 1,691,783	$ 3,404,810	$ 560,782	$ 758,574	$ 569,910	$12,082,786
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 1,116,578	$ 3,190,811	$ 482,891	$ 563,242	$ -	$ 5,353,522
Disposals	-	21,633	30,847	14,365	16,349	-	83,194
Depreciation expense	-	(380)	(8,548)	(14,236)	(22,941)	-	(46,105)
Reclassification from investment properties	-	12,097	-	-	-	-	12,097
Impairment	-	-	-	-	7	-	7
Balance at December 31, 2020	$ -	$ 1,149,928	$ 3,213,110	$ 483,020	$ 556,657	$ -	$ 5,402,715
Carrying amounts at December 31, 2020	$ 5,096,927	$ 541,855	$ 191,700	$ 77,762	$ 201,917	$ 569,910	$ 6,680,071

Partial equipment (accounted for as property plant and equipment, and prepayments for equipment) of the Group’s building material segment is idle. According to the assessment, the future recoverable amount is less than its carrying amount; therefore, the Group recognized an impairment loss of $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	2-21 years
Transportation equipment	3-7 years
Other equipment	3-20 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	$ 3,089	$ 3,999
Buildings	297,251	218,243
Machinery	8,584	3,569
	$ 308,924	$ 225,811

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 134,385	$ 32,146
Depreciation charge for right-of-use assets		
Land	$ 847	$ 600
Buildings	46,334	43,230
Machinery	3,603	1,358
	$ 50,784	$ 45,188

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 56,039	$ 45,304
Non-current	$ 259,001	$ 182,939

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land	1.422% - 1.71%	1.422% - 1.71%
Buildings	0.9% - 1.71%	0.9% - 1.71%
Machinery	0.9% - 1.42%	0.9% - 1.42%

c. Material lease-in activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 2,280	$ 4,814
Expenses relating to low-value assets leases	$ 430	$ 93
Total cash outflow for leases	$ 55,878	$ 53,344

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

17. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2019	$ 856,566	$ 188,305	$ 1,044,871
Additions	78,780	-	78,780
Reclassification to property, plant and equipment	(21,744)	964	(20,780)
Balance at December 31, 2019	$ 913,602	$ 189,269	$ 1,102,871
Accumulated depreciation and impairment			
Balance at January 1, 2019	$ 80,167	$ 151,037	$ 231,204
Depreciation expense	-	1,519	1,519
Reclassification to property, plant and equipment	-	(14)	(14)
Balance at December 31, 2019	$ 80,167	$ 152,542	$ 232,709
Carrying amounts at December 31, 2019	$ 833,435	$ 36,727	$ 870,162

(Continued)

	Land	Buildings	Total
Cost			
Balance at January 1, 2020	$ 913,602	$ 189,269	$ 1,102,871
Disposals	(13,708)	(7,439)	(21,147)
Reclassification to property, plant and equipment	(404,481)	(11,853)	(416,334)
Balance at December 31, 2020	$ 495,413	$ 169,977	$ 665,390
Accumulated depreciation and impairment			
Balance at January 1, 2020	$ 80,167	$ 152,542	$ 232,709
Depreciation expense	-	1,282	1,282
Disposals	-	(1,362)	(1,362)
Reclassification to property, plant and equipment	-	(12,097)	(12,097)
Balance at December 31, 2020	$ 80,167	$ 140,365	$ 220,532
Carrying amounts at December 31, 2020	$ 415,246	$ 29,612	$ 444,858

As of December 31, 2020 and 2019, the Group has not yet completed the property registration of the land amounting to $129,599 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	$ 2,158,644	$ 1,937,936

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

	December 31	
	2020	2019
Year 1	$ 24,040	$ 23,712
Year 2	15,816	20,720
Year 3	7,090	15,127
Year 4	4,649	7,087
Year 5	4,560	4,649
Year 5 onwards	2,280	6,840
	$ 58,435	$ 78135

18. OTHER INTANGIBLE ASSETS

	Patents	Licenses and Franchises	Trademarks	Computer Software	Total
Cost					
Balance at January 1, 2019	$ 7,582	$ 5,000	$ 20	$ 4,158	$ 16,760
Additions	401	-	-	700	1,101
Balance at December 31, 2019	$ 7,983	$ 5,000	$ 20	$ 4,858	$ 17,861
Accumulated amortization					
Balance at January 1, 2019	$ 3,155	$ 2,395	$ 5	$ 2,657	$ 8,212
Amortization expense	638	237	2	918	1,795
Balance at December 31, 2019	$ 3,793	$ 2,632	$ 7	$ 3,575	$ 10,007
Carrying amounts at December 31, 2019	$ 4,190	$ 2,368	$ 13	$ 1,283	$ 7,854
Cost					
Balance at January 1, 2020	$ 7,983	$ 5,000	$ 20	$ 4,858	$ 17,861
Additions	407	-	-	1,614	2,021
Balance at December 31, 2020	$ 8,390	$ 5,000	$ 20	$ 6,472	$ 19,882
Accumulated amortization					
Balance at January 1, 2020	$ 3,793	$ 2,632	$ 7	$ 3,575	$ 10,007
Amortization expense	626	237	2	935	1,800
Balance at December 31, 2020	$ 4,419	$ 2,869	$ 9	$ 4,510	$ 11,807
Carrying amounts at December 31, 2020	$ 3,971	$ 2,131	$ 11	$ 1,962	$ 8,075

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

Patents	3-20 years
Licenses and franchises	10 years
Trademarks	10 years
Computer Software	3 years

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Line of credit borrowings	$ 1,467,000	$ 1,282,000

The range of interest rates was 0.85% - 1.38% and 0.92% - 1.6% per annum as of December 31, 2020 and 2019.

b. Short-term bills payable

	December 31 2020	December 31 2019
Commercial papers	$ 1,233,000	$ 1,505,000
Less: Unamortized discount on bills payable	1,125	1,290
	$ 1,231,875	$ 1,503,710

The Group did not provide any collateral over these balance.

Outstanding short-term bills payable as follows:

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
December 31, 2020				
Taiwan Cooperative Bills Finance Co., Ltd.	$ 350,000	$ 293	$ 349,707	0.858% ~ 1.28%
International Bills Finance Co., Ltd.	338,000	217	337,783	0.888% ~ 1.358%
Taiwan Finance Co., Ltd.	240,000	158	239,842	0.858%
Ta Ching Bills Finance Co., Ltd.	200,000	156	199,844	0.888%
Mega Bills Finance Co., Ltd.	105,000	301	104,699	1.218% ~ 1.458%
	$ 1,233,000	$ 1,125	$ 1,231,875	
December 31, 2019				
Mega Bills Finance Co., Ltd.	$ 605,000	$ 698	$ 604,302	1.018% ~ 1.47%
Taiwan Cooperative Bills Finance Co., Ltd.	350,000	198	349,802	0.958% ~ 1.28%
International Bills Finance Co., Ltd.	50,000	20	49,980	1.538%
Ta Ching Bills Finance Co., Ltd.	200,000	319	199,681	1.058%
Taiwan Finance Co., Ltd.	300,000	55	299,945	0.958%
	$ 1,505,000	$ 1,290	$ 1,503,710	

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

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

21. OTHER PAYABLES AND OTHER LIABILITIES

	December 31	
	2020	2019
Other payable		
Payable for salaries or bonus	$ 107,899	$ 100,261
Payable for remuneration to directors	23,487	21,265
Payable for remuneration to employees	23,175	20,970
Payables for equipment	21,021	52
Payable for taxes	18,204	15,573
Payable for freight	14,836	12,644
Payable for annual leave	11,397	11,338
Others	74,509	56,887
	$ 294,528	$ 238,990
Other liabilities		
Temporary receipts	$ 19,107	$ 28,137
Receipts in advance	344	340
Others	574	563
	$ 20,025	$ 29,040

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 284,147	$ 279,649
Fair value of plan assets	(220,097)	(196,721)
Net defined benefit liability	$ 64,050	$ 82,928

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	$ 304,010	$ (190,222)	$ 113,788
Current service cost	6,359	-	6,359
Net interest expense (income)	3,419	(2,179)	1,240
Recognized in profit or loss	9,778	(2,179)	7,599
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,305)	(7,305)
Actuarial loss - changes in demographic assumptions	2,930	-	2,930
Actuarial loss - changes in financial assumptions	14,641	-	14,641
Actuarial gain - experience adjustments	(21,054)	-	(21,054)
Recognized in other comprehensive income	(3,483)	(7,305)	(10,788)
Contributions from the employer	-	(27,671)	(27,671)
Benefits paid	(30,656)	30,656	-
Balance at December 31, 2019	279,649	(196,721)	82,928
Current service cost	4,798	-	4,798
Net interest expense (income)	2,237	(1,603)	634
Recognized in profit or loss	7,035	(1,603)	5,432
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,842)	(6,842)
Actuarial loss - changes in demographic assumptions	4,250	-	4,250
Actuarial loss - changes in financial assumptions	21,253	-	21,253
Actuarial gain - experience adjustments	(10,995)	-	(10,995)
Recognized in other comprehensive income	14,508	(6,842)	7,666
Contributions from the employer	-	(31,976)	(31,976)
Benefits paid	(17,045)	17,045	-
Balance at December 31, 2020	$ 284,147	$ (220,097)	$ 64,050

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	$ 4,028
Selling and marketing expenses	757	1,261
General and administrative expenses	1,696	2,087
Research and development expenses	157	223
	$ 5,432	$ 7,599

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time 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	1.625% - 4%	1.875% - 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	$ (11,848)	$ (12,394)
0.5% decrease	$ 12,648	$ 13,219
Expected rate of salary increase		
0.5% increase	$ 11,875	$ 12,460
0.5% decrease	$ (11,254)	$ (11,779)

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	$ 7,019	$ 7,019
The average duration of the defined benefit obligation	7 - 11 years	7 - 11 years

23. 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 equities 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 25-g.

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

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

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 2020 and 2019 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	(27,180)	157,527
Share from associates accounted for using the equity method	(2,756)	1,116
Other comprehensive income/(loss) during the year	(29,936)	158,643
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	$ 56,036	$ 44,942
Remeasurement	(7,681)	10,672
Remeasurement on defined benefit plans related income tax	1,536	(2,134)
Share from associates accounted for using the equity method	1,161	2,556
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.

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 119,589	$ 113,952
Share in profit (loss) for the year	12,543	6,205
Other comprehensive income/(loss) during the year		
Remeasurement on defined benefit plans	15	116
Remeasurement on defined benefit plans related income tax	(3)	(23)
Non-controlling dividend distribution	(780)	(661)
Disposal of partial equity(Note 28)	(2,238)	-
Balance at December 31	$ 129,126	$ 119,589

24. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 5,418,715	$ 4,997,045
Revenue from rendering of services	7,502	8,686
	$ 5,426,217	$ 5,005,731

a. Contract balances

	December 31		January 1
	2020	2019	2019
Notes and accounts receivable (Including related parties)	$ 1,413,029	$ 1,278,637	$ 1,217,081
Contract assets - current			
Sale of goods	$ 7,114	$ 4,772	$ 6,830
Less: Allowance for impairment loss	1,396	880	517
	5,718	3,892	6,313
Contract assets from related parties			
Sale of goods	9,928	15,371	19,111
Less: Allowance for impairment loss	1,973	3,018	3,156
	7,955	12,353	15,955
	$ 13,673	$ 16,245	$ 22,268
Contract liabilities - current			
Sale of goods	$ 4,457	$ 7,368	$ 7,295

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

	December 31	
	2020	2019
Expected credit loss rate	20%	20%
Gross carrying amount of retention receivable	$ 17,042	$ 20,143
Allowance for impairment loss (Lifetime ECLs)	(3,369)	(3,898)
	$ 13,673	$ 16,245

The movements of the loss allowance of contract assets refer to Note11.

b. Disaggregation of revenue

	For the Year Ended December 31	
	2020	2019
Concrete	$ 3,370,194	$ 2,904,987
Cement	1,299,136	1,208,087
Gypsum board panels	742,434	870,628
Others	14,453	22,029
	$ 5,426,217	$ 5,005,731

25. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 1,361	$ 1,854

b. Other income

	For the Year Ended December 31	
	2020	2019
Rental income - investment properties (Note 17)	$ 26,086	$ 23,124
Dividend income	172,561	151,662
Others	28,074	34,430
	$ 226,721	$ 209,216

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Impairment losses on assets	$ (103,012)	$ -
Gain on disposal of investment properties	8,579	-
Net foreign exchange gains and losses	(1,066)	(596)
Gain (loss) on disposal of property, plant and equipment	760	(158)
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	(23)	212
Others	(5,334)	(18,134)
	$ (100,096)	$ (18,676)

d. Interest expense

	For the Year Ended December 31	
	2020	2019
Interest on loans	$ 27,766	$ 27,276
Interest on lease liabilities	3,635	5,632
	$ 31,401	$ 32,908

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 83,194	$ 82,219
Right-of-use assets	50,784	45,188
Investment properties	1,282	1,519
Intangible assets	1,800	1,795
	$ 137,060	$ 130,721
An analysis of depreciation - by function		
Operating costs	$ 83,413	$ 78,141
Operating expenses	50,565	49,266
Others (as non-operating income and expense)	1,282	1,519
	$ 135,260	$ 128,926
An analysis of amortization - by function		
Operating costs	$ -	$ 1
Operating expenses	1,800	1,794
	$ 1,800	$ 1,795

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits		
Salaries	$ 491,232	$ 430,245
Labor and health insurance	46,260	47,956
Others	44,027	42,143
	581,519	520,344
Post-employment benefits		
Defined contribution plans	19,185	18,275
Defined benefit plans (Note 22)	5,432	7,599
	24,617	25,874
	$ 606,136	$ 546,218

(Continued)

	For the Year Ended December 31	
	2020	2019
An analysis of employee benefits expense - by function		
Operating costs	$ 408,871	$ 367,078
Operating expenses	197,265	179,140
	$ 606,136	$ 546,218

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 23, 2021 and March 26, 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 consolidated financial statements were authorized for issue, the differences will be recognized in the next year as a change in accounting estimate.

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

26. 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	$ 49,601	$ 35,027
Income tax on unappropriated earnings	16,163	21,033
Adjustments for prior years	(23,615)	(1,138)
	42,149	54,922
Deferred tax		
In respect of the current year	(4,430)	2,074
	$ 37,719	$ 56,996

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 1,297,514	$ 1,198,678
Income tax expense calculated at the statutory rate	$ 259,503	$ 239,736
Tax-exempt income	(35,470)	(30,332)
Nondeductible expenses in determining taxable income	(141,314)	(170,862)
Realized investment losses	(47,628)	-
Unrecognized deductible temporary differences	12,756	(3,493)
Net operating loss carryforwards used	(2,883)	2,052
Land value increment tax	207	-
Additional income tax on unappropriated earnings	16,163	21,033
Income tax adjustments on prior years	(23,615)	(1,138)
	$ 37,719	$ 56,996

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. The Group has only deducted the amount of unappropriated earnings that was reinvested in capital expenditure when calculating the 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	$ 1,533	$ (2,157)

c. Current tax assets and liabilities

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Current tax assets		
Tax refund receivable	$ 31	$ 32
Current tax liabilities		
Income tax payable	$ 48,156	$ 48,612

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				
Allowance for impairment loss	$ 605	$ 338	$ -	$ 943
Defined benefit obligation	866	(145)	(13)	708
Unrealized foreign exchange loss	61	(57)	-	4
Unrealized loss for impaired inventories and obsolete and slow-moving inventories	170	90	-	260
Unrealized payable promotion expenses	-	4,940	-	4,940
Others	2,158	(768)	-	1,390
	$ 3,860	$ 4,398	$ (13)	$ 8,245
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,179,798	$ -	$ -	$ 1,179,798
Defined benefit obligation	9,923	(32)	(1,546)	8,345
Cash surrender value of life insurance	76	-	-	76
	$ 1,189,797	$ (32)	$ (1,546)	$ 1,188,219

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				
Allowance for impairment loss	$ 719	$ (114)	$ -	$ 605
Defined benefit obligation	1,278	(337)	(75)	866
Unrealized foreign exchange loss	39	22	-	61
Unrealized loss for impaired inventories and obsolete and slow-moving inventories	170	-	-	170
Others	3,840	(1,682)	-	2,158
	$ 6,046	$ (2,111)	$ (75)	$ 3,860
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,179,798	$ -	$ -	$ 1,179,798
Defined benefit obligation	7,878	(37)	2,082	9,923
Cash surrender value of life insurance	76	-	-	76
	$ 1,187,752	$ (37)	$ 2,082	$ 1,189,797

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

	December 31	
	2020	2019
Loss carryforwards		
Expire in 2030	$ 8,788	$ -
Expire in 2029	10,273	10,262
Expire in 2028	57,779	57,789
Expire in 2027	81,196	81,195
Expire in 2026	56,417	66,867
Expire in 2025	58,819	70,680
Expire in 2024	40,128	43,792
Expire in 2023	24,120	24,120
Expire in 2022	3,368	3,368
Expire in 2021	6,945	6,945
	$ 347,833	$ 365,018

	December 31	
	2020	2019
Deductible temporary differences		
Impaired inventories and obsoleteand slow-movinginventories	$ 125,979	$ 125,998
Net defined benefit obligation	17,115	42,391
Impairment losses on assets	194,896	91,884
	$ 337,990	$ 260,273

f. Income tax examinations

Income tax returns through 2019 of Huanchung Cement International Corporation, and 2018 of Uneo Incorporated, Kaohsiung Harbor Transport Company, Chiayi Concrete Industrial Corporation, Universal Investment Corporation, Universal Concrete Industrial Corporation and the Company have been assessed by the tax authorities.

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

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In October 2020, the Group acquired shares held by the non-controlling interest of Universal Concrete, and its shareholding increased from 55.94% to 57.19%.

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

	2020 Obtaining non-controlling interests
Cash consideration paid	($ 1,820)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	2,238
Differences recognized from equity transactions	$ 418
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interest in subsidiaries	$ 418

29. CASH FLOWS INFORMATION

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

	For the Year Ended December 31	
	2020	2019
Increase in property, plant and equipment	$ 178,214	$ 191,794
Payables on equipment	(20,969)	(52)
Prepaid on equipment	11,585	51,790
Total cash paid	$ 168,830	$ 243,532

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

The Group believes that the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, contract assets, notes and accounts receivable, financial assets at amortized cost, short-term loans, accounts payable, and guarantee deposits received, recognized in the consolidated 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 FVTPL				
Mutual funds	$ 478	$ -	$ -	$ 478
Financial assets at FVTOCI				
Investments in equity instruments				
-Listed shares	$ 2,253,316	$ -	$ -	$ 2,253,316
-Unlisted shares	-	-	1,499,279	1,499,279
	$ 2,253,316	$ -	$ 1,499,279	$ 3,752,595

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 1,378	$ -	$ -	$ 1,378
Financial assets at FVTOCI				
Investments in equity instruments				
-Listed shares	$ 2,331,463	$ -	$ -	$ 2,331,463
-Unlisted shares	-	-	1,418,905	1,418,905
	$ 2,331,463	$ -	$ 1,418,905	$ 3,750,368

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	$ 1,418,905	$ 1,399,821
Recognized in other comprehensive income（Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income）	81,413	21,379
Additions	20,000	-
Share capital returned for capital reduction	-	(2,295)
Share capital returned for liquidation	(21,039)	-
Balance at December 31	$ 1,499,279	$ 1,418,905

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 the prices of comparable companies, and the value of the securities is estimated by comparing, analyzing and adjusting.

c. Categories of financial instruments

	December 31	
	2020	**2019**
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 478	$ 1,378
Financial assets at amortized cost (1)	1,826,257	1,672,951
Financial assets at FVTOCI		
Equity instruments	3,752,595	3,750,368
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	3,677,636	3,690,412

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 Group’s major financial instruments include accounts receivable, accounts payables and short-term loans. The Group’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 Group through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

a) Interest rate risk

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

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 174,154	$ 182,048
Financial liabilities	1,546,915	1,731,953
Cash flow interest rate risk		
Financial assets	203,864	184,273
Financial liabilities	1,467,000	1,282,000

b) Other price risk

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

Sensitivity analysis

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

If equity prices of domestic listed equity securities, which was hold by the Group calculated by $ 2,253,316 thousand and $ 2,331,463 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 $ 22,533 thousand and $ 23,315 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets

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

Part of the concrete customers of the Group are individuals and small-scale enterprises, except for a few large customers are concrete construction companies, industry characteristics resulting in some small-scale enterprises. In addition to using credit limit controls to reduce credit risks and the relevant proceedings to protect their claims, the Group has set adequate allowance for bad debts for higher credit risk customers in accordance with company policy. The credit risk arising from its maximum possible amount is disclosed in the Note 11.

The Group has no significant concentration of credit risk.

3) Liquidity risk

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

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

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

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

December 31, 2020

	On Demand or Less than 3 Month	3 Months to 1 Year	1 Year to 5 Year	5 Year to 10 Year
Non-derivative financial liabilities				
Non-interest bearing	$ 967,872	$ -	$ 10,889	$ -
Lease liabilities	16,006	44,193	179,635	88,918
Variable interest rate liabilities	1,169,075	300,503	-	-
Fixed interest rate liabilities	1,233,000	-	-	-
	$3,385,953	$ 344,696	$ 190,524	$ 88,918

December 31, 2019

	On Demand or Less than 3 Month	3 Months to 1 Year	1 Year to 5 Year	5 Year to 10 Year
Non-derivative financial liabilities				
Non-interest bearing	$ 915,820	$ -	$ 11,369	$ -
Lease liabilities	12,345	36,683	135,579	56,037
Variable interest rate liabilities	1,283,110	-	-	-
Fixed interest rate liabilities	1,505,000	-	-	-
	$3,716,275	$ 36,683	$ 146,948	$ 56,037

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 the Group that loan is a resource of liquidity. As of December 31, 2020 and 2019, the Group has loan commitments $ 1,943,439 thousand, and $ 2,074,399 thousand, respectively.

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Name and relationship of related party

Related Party Name	Relationships of the Group
CHC Resources Corp.	The key management of the Group serves as a member of its board directors
Universal Construction Corp.	The key management of the Group serves as a member of its board directors
Sheng Yuan Investment Corp.	The key management of the Group
Pan Asia Corp.	Other related parties
Tainan Concrete Industrial Corp.	Associates

b. Sales of goods

		For the Year Ended December 31	
Account Items	**Related Parties Category**	**2020**	**2019**
Sales revenue	The key management of the Group serves as a member its board of directors	$ 65,595	$ 49,131
	Other related parties	91,022	132,486
		$ 156,617	$ 181,617

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

c. Purchase of goods

	For the Year Ended December 31	
Related Parties Category	**2020**	**2019**
The key management of the Group serves as a member of its board of directors	$ 245,547	$ 265,898

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

d. Contract assets

Related Party Category / Name	December 31 2020	December 31 2019
Other related parties		
Pan Asia Corp.	$ 9,928	$ 15,371
Less: Allowance for impairment loss	1,973	3,018
	$ 7,955	$ 12,353

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	Other related parties		
	Pan Asia Corp.	$ 47,098	$ 37,696
	Other	5,172	5,294
	Less: Allowance for impairment loss	19	77
		$ 52,251	$ 42,913

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 Group serves as a member of its board of directors	$ -	$ 2,573
Accounts payable -related parties	The key management of the Group serves as a member of its board of directors	$ 45,801	$ 34,478

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

g. Lease arrangements - Group is lessee

Line Item	Related Party Category	December 31 2020	December 31 2019
Lease liabilities	Associates	$ 3,431	$ 8,539

Line Item	Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Interest expense	Associates	$ 52	$ 98

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

h. Lease arrangements - Group is lessor

The Group 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:

	For the Year Ended December 31	
Related Party Category	**2020**	**2019**
The key management of the Group serves as a member of its board of directors	$ 8,705	$ 14,203
Another company holding the position as chief management of the Group	46	23
	$ 8,751	$ 14,226

Total lease revenue is summarized as follows:

	For the Year Ended December 31	
Related Party Category	**2020**	**2019**
The key management of the Group serves as a member of its board of directors	$ 5,498	$ 5,498
Another company holding the position as chief management of the Group	23	23
	$ 5,521	$ 5,521

i. Compensation of key management personnel

	December 31	
	2020	**2019**
Short-term employee benefits	$ 38,270	$ 38,528
Post-employment benefits	547	754
	$ 38,817	$ 39,282

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2020	**2019**
Pledge deposits		
Current	$ 67	$ 67
Non-current	35,864	47,033
	$ 35,931	$ 47,100

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Unrecognized commitments are as follows:

	December 31	
	2020	**2019**
Acquisition of property, plant and equipment	$ 104,529	$ 127,636

b. As of December 31, 2020 and 2019, the promissory notes were $ 96,499 thousand and $ 119,823 thousand, respectively. These notes were provided as engineering performance bonds, 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 were $ 6,561 thousand and $ 8,601 thousand.

d. In June 2015, Cheng Da Construction Co., Ltd. (CDC) filed a complaint in the ROC. District Court of Taichung, alleging that Universal Concrete Industrial Corporation provided ready-mixed concrete with defects in quality. CDC claimed for compensation of $ 34,580 thousand. Subsequently, the claim was reduced to $27,930 thousand. Taiwan Taichung District Court sentenced that Cheng Dah Construction Corp. lost the lawsuit. However, Cheng Dah Construction Corp. submitted an appeal; the lawsuit is currently under the procedures for the second trial. According to the company’s attorney, the result of the lawsuit cannot be predicted currently and the contingent liability can not be estimated reliably.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group 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	$ 187	28.48	$ 5,316
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	$ 378	29.98	$ 11,340
RMB	2,736	4.305	11,778

The Company is mainly exposed to USD. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
Functional Currencies	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
NTD	1(NTD:NTD)	$ (1,066)	1 (NTD:NTD)	$ (596)

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

4) Marketable securities acquired and disposed of at costs or prices of at least NT$ 300 million or 20% of the paid-in capital. (N/A)

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

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

10) Intercompany relationships and significant intercompany transactions. (Table 6)

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 7)

37. SEGMENT INFORMATION

a. Operating segments information

For the purpose of resource allocation and performance assessment, the chief operating decision maker assesses performance and allocates resources of the operating segments based on each operating segment’s products.

The Group’s reportable segments are as follows:

1) Building materials business - manufacture, sell and research cement, concrete and gypsum board

2) Assets management center - serve as the department of joint venture and others

b. Segment revenues and operating results

Analysis by reportable segment of revenue and operating results of continuing operations are as follows:

For the year December 31, 2020

	Building Materials Division	**Assets Management Center**	**Adjustment and Elimination**	**Total**
Revenue from external customers	$ 5,411,764	$ 14,453	$ -	$ 5,426,217
Inter-segment revenues	10,296	-	(10,296)	-
Segment revenues	$ 5,422,060	$ 14,453	$ (10,296)	$ 5,426,217
Segment profit	$ 572,332	$ 803,109	$ (46,526)	$ 1,328,915
Interest expenses				(31,401)
Profit before income tax				$ 1,297,514

For the year December 31, 2019

	Building Materials Division	**Assets Management Center**	**Adjustment and Elimination**	**Total**
Revenue from external customers	$ 4,983,702	$ 22,029	$ -	$ 5,005,731
Inter-segment revenues	14,105	-	(14,105)	-
Segment revenues	$ 4,997,807	$ 22,029	$ (14,105)	$ 5,005,731
Segment profit	$ 263,733	$ 990,494	$ (22,641)	$ 1,231,586
Interest expenses				(32,908)
Profit before income tax				$ 1,198,678

Segment profit represented the profit before tax earned by each segment. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The chief operating decision maker of the Group makes decisions based on the operating results of each segment, there was no information about the assessment of assets and liabilities classified through business activity performance, thence only listing revenue and results of reportable segments.

c. Geographical information

The Group's revenues are mainly from Taiwan, ROC.

Refer to consolidated balance sheets for the information of non-current assets.

d. Revenue from major products and services

An analysis of the Group's revenue is determined in the manner described in Note 24.b.

e. Information about major customers

Single customer who contributed 10% or more to the Group's revenue is as follows:

	For the Year Ended December 31			
	2020	**%**	**2019**	**%**
Hung Hsin Building Materials Ltd. (Note)	$ 525,912	10	$ 514,792	10

Note : Revenue from selling cement

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

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 AND SUBSIDIARIES

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.

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

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 AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 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 Group 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 AND SUBSIDIARIES

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 AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Company	Kaohsiung Harbor Transport Company	(1)	Freight expense	$ 219,725	The prices to related parties were not different from those to third parties. Credit terms were 45 to 60 days after acceptance	4
		Kaohsiung Harbor Transport Company	(1)	Account payables	13,207	The prices to related parties were not different from those to third parties. Credit terms were 45 to 60 days after acceptance	-
		Kaohsiung Harbor Transport Company	(1)	Other payables	16,041	The prices to related parties were not different from those to third parties. Credit terms were 45 to 60 days after acceptance	-

Note 1: The transaction relationships with the counterparties are as follows:
No. 1: Represents transactions from parent Company to subsidiary.
No. 2: Represents transactions from the subsidiary to the parent Company.
No. 3: Represents transactions among subsidiaries.

Note 2: All the transactions had been eliminated when preparing consolidated financial statements.

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS
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.