Common Stock Code:1104

環球水泥股份有限公司
Universal Cement Corporation

一0九年度年報

本年報查詢網址：公開資訊觀測站 http://mops.twse.com.tw
金管會指定之資訊申報網址：同上
本公司年報相關資料查詢網址：同上

UNIVERSAL CEMENT CORPORATION
ANNUAL REPORT 2020
FOR THE YEAR ENDING ON DEC. 31,2020
Publication Date: April 30, 2020

Stock Code: 1104

Universal Cement Corp.

2020 Annual Report

<u>Notice to readers</u>

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

(MOPS) Market Observation Post System website: http://mops.twse.com.tw
Universal Cement Corp. Annual Report is available at: http://www.ucctw.com
Published on April 30, 2021

Spokesperson

Name: YANG, Tsung-Jen
Title: Vice President
Tel: 886-2-2507-7801
E-mail: ucc@ucctw.com

Deputy Spokesperson

Name: CHAN, Chih-Hung
Title: Asst. VP
Tel: 886-2-2507-7801
E-mail: ucc@ucctw.com

Stock Transfer Agent

SinoPac Securities
Address: 3F., No.17, Bo'ai Rd., Zhongzheng Dist., Taipei City, Taiwan
Tel: 886-2-2381-6288
Website: https://securities.sinopac.com

Auditors

CPA Firm: Deloitte & Touche
Auditors: YANG, Chao-chin, GUO, Li-yuan
Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City, Taiwan
Tel.: 886-2- 2725-9988
Website: http://www.deloitte.com.tw

Overseas Securities Exchange

N/A.

Corporate Website

http://www.ucctw.com

Head Office, Plant and Local Office

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

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

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

Alian Cement Plant
No.95-2, Gangshan, Alian Dist., Kaohsiung City
TEL：(07)631-2111
FAX：(07)631-2117

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

Hai-Fu Gypsum Board Plant
No.18, Haishan Central St., Lujhu Dist., Taoyuan City
TEL：(03)354-3056
FAX：(03)354-1711

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

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

Yeun Kung Ready-mixed Concrete Plant
No.20, Hsin Con Road, Yeun Kung Dist., Tainan City
TEL：(06)233-6052
FAX：(06)233-6106

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

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

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

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

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

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

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

Contents

I. Letter to Shareholders

Greetings to all of our valued shareholders,

In 2020, COVID-19 had impact on global economy, whereas Taiwan was much less affected as a result of the success of pandemic-prevention policies. Meanwhile, the government kept promoting Forward-looking Infrastructure Development Program and the varying international situation brought corporates to invest in Taiwan, increasing the demand for new factory facilities and office building and contribute steady growth of sales of building material business of the company. The following is the company’s business performance in 2020.

1. In 2020, the sales of cement were 550 thousand tons, representing a YOY growth of 8%, the sales of ready-mix concrete (RMC) were 1.72 million cubic meters, representing a YOY growth of 2% and the sales of gypsum boards were 13.85 million square meters, representing a YOY decline of 17%. Total consolidated revenue for 2020 was NT$ 5.43 billion, showing a growth of 8% compared with last year; Net profit after tax of the year was NT$ 1.26 billion representing a YOY growth of 10%; Earnings per share had reached NT$ 1.91.

2. The company not only endeavored to enhance the functional performance of gypsum board such as moisture resistance, fire resistance, sound insulation, and convenience in construction, but also developed gypsum board system for rooftop and floor. Furthermore, the company combined our diverse gypsum board products with the exterior wall panel system of the brand “NICHIHA” from Japan to extend the application from the interior to the outside of buildings, offering a new option for customers.

3. For Ready-mixed concrete business group, the scope of service was broadened from southern Taiwan to the north; in addition to Taichung, Tainan, Kaohsiung and Pingtung, the company established Hsinchu plant to supply for the demand from Hsinchu Science Park and the residences on the periphery of it.

4. Micro-Deformable Piezoresistive Sensor, the technology by our subsidiary company, Uneo Inc. was making a great progress in Industry 4.0, consumer electronics, smart health, and smart warehouses. Uneo Inc. also collaborated with world-renowned corporates in standardizing, systemizing and modularizing the product development based on the advanced technology and the past experiences of customization to shorten the product development cycle and raise the profit.

Looking into 2021, the company will continue to aim for the participation in public construction, factories, commercial buildings, and housing projects. To expand production capacity, our Kaohsiung Luzhu gypsum board plant and Ta-Fu premixed concrete mill’s second concrete mixer are estimated to be put into operation in the third quarter of 2021. With nine premixed concrete mills and two gypsum board plants, the company expects to achieve the cement sales volume target of 490 thousand tons, RMC sales volume target of 1.79 million cubic meters, and gypsum board sales volume target of 16.19 million square meters.

As a pioneer in film type pressure sensor industry, Uneo Inc. has been the designated smart manufacturing sensor system supplier for various world-renowned companies since Industry 4.0 has been a clear trend. Moreover, our module products for smart health and smart inventory control are also highly regarded that the company have won contracts with key customers for new product development targeting the North American market. With the steadily-growing market demand for consumer electronics, we are anticipating a significant growth in sales performance of the sensor component business for 2021.

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

Chairman

HOU, Bo-Yi

II、Introduction of the company

2.1 Date of Establishment: March 1st, 1960

2.2 History of the company：

Sept., 1959	Founded by distinguished Mr. Wu, Shan-Lien, Mr. Hou, Yu-Li, Mr. Wu, Hiu-Chi and Mr. Wu, Tsun-Hsien.
Mar., 1960	Company established. Paid-in capital of NTD100 Million.
Feb., 1963	Establishment of Ta-Fu Cement Plant. Annual production capacity of 0.2 Million (0.3Mta) mt and occupying land of 19.4 hectare for the plant.
Feb., 1965	Establishment of second kiln in Ta-Fu Plant, annual capacity reached 0.3 Million mt (0.3 Mta).
Feb., 1971	Publicly listed on TWSE.
Jan., 1974	Location of Alian Cement Plant decided on plot of 22.3 hectare.
May, 1976	Establishment of Alian Cement Plant with annual capacity of 0.8 Million mt(0.8Mta).
May, 1983	In order to reduce consumption of energy, Alian Cement Plant replace its oil-burning system with coal burning system.
June, 1985	One of the two production line in Ta-Fu plant converted into latest NSP production system and increase annual capacity to 0.7 Million mt.
Sept., 1988	Establishment of Ta-Fu Ready-Mixed Concrete (RMC) Plant, hourly production capacity of 120 m^3.
Dec., 1990	Pre-heating system at Alian Cement Plant was converted from semi-N.S.P. system to R.S.P. system.
Jan., 1991	Establishment of Ta-Fu gypsum board plant, annual capacity of 7.5 Million m^2, which was later increased to 9 Million m^2 due to expansion of capacity.
May, 1992	Completion of expansion of second production system in Ta-Fu RMC plan, hourly production capacity of 180 m^3.
Jan., 1993	Evaluation of establishment of Hai-Fu gypsum plant.
Oct., 1994	Establishment of Nantz RMC Plant, hourly production capacity of 270 m^3.
Mar., 1995	Establishment of Hai-Fu gypsum board plant, annual production capacity of 20 Million m^2.
Apr., 1995	Establishment of Ling-feng-ying RMC plant, hourly production capacity of 180m^3.
Sept., 1995	Both Ta-Fu gypsum board plant and cement plant were awarded the certificate of ISO 9002 by Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, BSMI of MOEA.
Oct., 1995	Alian Cement plant was awarded the certificate of ISO 9002 by BSMI of MOEA.
Feb., 1996	Joint Meeting of Board of Directors and Supervisors approved, in principle, an investment in Vietnam on establishment of cement plant of 1.5 Million mt annual production capacity. The same resolution was submitted to and approved by the Annual General Meeting in April 1996.

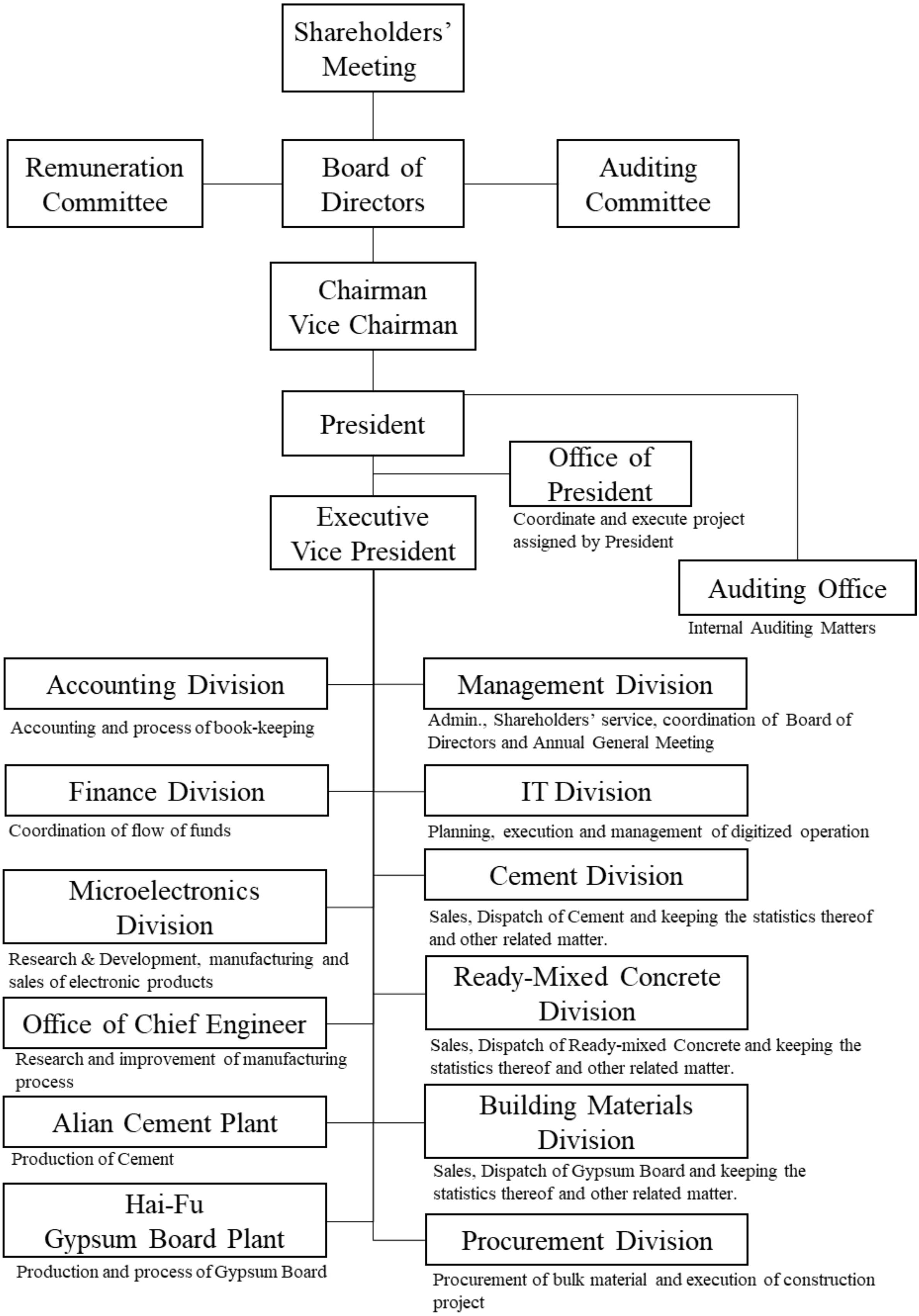
Apr., 1996	Hai-Fu gypsum plant was awarded the certificate of ISO 9002 by BSMI of MOEA.
June, 1996	Investment of cement plant in Vietnam was approved and awarded license by Ministry of Planning and Investment of President Office of Vietnam.
Aug., 1996	Huan-ni Investment, subsidiary of UCC, invested in Ilocos Norte Mining, Philippines.
Aug., 1996	Paid-in capital reached NTD 4 Billion and 5.57Million dollar.
Oct., 1996	Establishment of Joint Venture of Quảng Ninh Universal Cement, Vietnam.
Sept., 1997	Paid-in capital reached NTD 4Billion and 205.9Million dollar.
Dec., 1997	Announcement by MOEA to ban mining of limestone at east of Taiwan since Jan. 1998.
May, 1998	Suspension of Ta-Fu Cement plant.
July., 1998	Implementation of Favorable Retirement and Severance Package.
Apr., 1999	Ta-Fu, Ling-feng-ying and Nantz RMC plant were awarded the certificate of ISO 9002.
Oct., 1999	Expansion of RMC network by leasing of Yeun Kung RMC plant.
Jan., 2000	Establishment of pier in Pagudpud, Ilocos Norte, Philippines.
Mar., 2001	Suspension on establishment of cement plant in Quảng Ninh, Vietnam.
Apr., 2001	The company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NTD 3 Billion and 933 Million dollar.
June, 2001	Suspension of production at Ta-Fu gypsum board plant.
July., 2001	Hai-Fu gypsum plant received certification from Underwriters Laboratories Inc, U.S.A..
Feb., 2002	The company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NTD 3 Billion and 580 Million dollar.
Mar., 2002	Establishment of Ning-Bo, the Yings' & Universal Building Material Company and its RMC plant in Bei-lun, Ning-bo, Zhe-jiang province, China.
Sept., 2002	Hai-Fu gypsum board plant received Green Mark from EPA.
Nov., 2002	Investment in cement grinding facility in Der-qing County, Guangdong province by contribution of idle grinding facility from Ta-Fu Cement Plant.
Dec., 2002	The company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NTD 3 Billion and 469 Million dollar.
Mar., 2003	Establishment of integrated cement plant in Ping-ling Township, Long-men County, Hui-zhou City, Guangdong Province, China.
July., 2003	Entering an investment agreement with Long-men County government in integrated cement plant.
Sept., 2003	Paid-in capital reached NTD 3 Billion and 711.83 Million dollar.
Feb., 2004	Establishment of Feng-hua Universal Building Material Company and its RMC plant in Feng-hua, Zhe-jiang province, China.
Mar., 2004	Commencement of construction of Long-Men Cement Plant in Hui-zhou, Guangdong Province, China.

Aug., 2004	Establishment of Ning-Bo, Bei-lun, the Yings' & Universal Building Material Company and its RMC plant in Bei-lun, Ning-bo, Zhe-jiang province, China.
Sept., 2004	Paid-in capital reached NTD 4 Billion and 157.25 Million dollar.
Mar., 2005	Establishment of Hui-zhou RMC Inc., in Hui-cheng Dist., Hui-zhou city, Guangdong Province, China.
June, 2005	License to build second production line of Hui-zhou Universal Cement Corporation approved.
Aug., 2005	Paid-in capital reached NTD 4 Billion and 614.55 Million dollar.
Aug., 2005	Establishment of subsidiary, Hui-zhou Universal Transportation Corporation approved.
Aug., 2005	Ta-Fu gypsum board plant relocated to Ho-Chi-minh, Vietnam. Establishment of Yong-hsiang Joint Venture Company.
Sept., 2005	Activation of first production line in Hui-zhou Universal Cement Corporation.
Dec., 2005	The company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NTD 4 Billion and 586.93 Million dollar.
Aug., 2006	Paid-in capital reached NTD 5 Billion and 91.49 Million dollar.
Nov., 2006	Establishment of Ning-Bo Universal Building Material Company and its RMC plant in Jiang-Bei District, Ning-bo, Zhe-jiang province, China.
Dec., 2006	The company repurchased treasury shares for purpose of capital reduction. Paid-in capital reached NTD 5Billion and 83.26 Million dollar.
Apr., 2007	Construction of second cement production line of Hui-zhou Universal Company.
Apr., 2007	Establishment of Hui-zhou Universal Building Material Company.
June, 2007	Divestment all shares in Yong-hsiang Joint Venture Company.
Aug., 2007	Paid-in capital reached NTD 5 Billion and 591.59 Million dollar.
Sept., 2007	Suspension of Ling-feng-ying RMC plant.
Sept., 2008	Paid-in capital reached NTD 6 Billion and 38.91 Million dollar.
Mar., 2009	Acquire sole ownership of Ning-bo, Ying's & Universal Building Material Company and Ning-Bo, Bei-lun, the Yings' & Universal Building Material Company. Divestment of complete ownership in Ning-bo Universal Building Ready-mixed Concrete Company, Ning-bo Universal Cement Product Company, Ning-bo Universal Building Material Company, Feng-hua Universal Building Material Company.
June, 2009	Addition of fabrication plant of Hai-Fu Gypsum Board Plant.
July., 2009	Merger of Kao-hsiung RMC Industrial Company into the company.
Nov., 2009	Divestment of sole ownership of Der-qing Universal Building Material Company.
Jan., 2010	Reduction of operation cycle of front end of burning system in Alian Cement Plant for resizing of staff.
Jan., 2010	Awarded patent of Micro-Deformable Piezoresistive Sensor from Industrial Technology Research Institute and technological cooperation development therewith.
July., 2010	Entering an agreement of divestment of Iloco Norte Mining Company, Philippines.

Aug., 2010	Divestment of shares in six subsidiaries in Hui-zhou and Ning-bo area in China.
Aug., 2010	Setting up of office of Microelectronics Division and its plant.
Aug., 2010	Expansion of RMC network by leasing of Fengshan RMC plant.
Nov., 2011	Planning the construction of office, plant, and equipment of Microelectronics Division in southern Taiwan.
Aug., 2012	Founding of Uneo Incorporated.
Mar., 2013	Addition of second production system in Yeun Kung RMC plant.
Aug., 2014	Planning the construction of new plant and equipment of Luzhu Gypsum Board Plant, Kaohsiung.
Oct., 2015	Addition of second production system in Nantz RMC plant.
Aug., 2016	Paid-in capital reached NTD 6 Billion and 336.09 Million dollar.
Aug., 2017	Paid-in capital reached NTD 6 Billion and 536.09 Million dollar.
Dec., 2019	Addition of second production system in Ta-Fu RMC plant.
Nov., 2020	Expansion of RMC network by leasing of Hsin-Chu RMC plant.

III Report on Corporate Governance

3.1 Organization (2021.3.23)



3.2 Profile of Directors, President, Vice Presidents, and head of divisions

3.2.1 Directors

2021.04.30

Title	Nationality	Name	Gender	Date of appointment	Tenure	First Appointment	Share held upon appointment		As of date of report						Professional experience and Education	Other position held in the company or Other Company	Executives, Directors or Management who are spouses or within two degrees of kinship			Remark
									Share held		Share held by spouse and underage children		Share held under name of third-party							
							No. of Share	Ratio	No. of Share	Ratio	No. of Share	Ratio	No. of Share	Ratio			Title	Name	Relation	
Chairman	R.O.C.	Bo-Chih Investment Co., Ltd.		2020.06.15	3 years	2011.6.22	27,893,282	4.26%	27,893,282	4.27%	-	-	-	-			N/A	N/A	N/A	
		Represented by: HOU, Bo-Yi	Male	-	-	-	-	-	50,888,251	7.79%	22,393,735	3.43%	-	-	Dept. of Transportation Management, NCKU	◆ Director, Tainan Spinning ◆ Director, Lio-ho Machine ◆ Director, Prince Housing & Development ◆ Chairman, Hsin Fu Hsing Industrial Co., Ltd. ◆ Chairman, Hou Yong-Du Social Welfare and Charity Foundation	Director Director	HOU, Chih-Sheng HOU, Chih-Yuan	Father & Son Father & Son	
Director	R.O.C.	Sheng-Yuan Investment Co., Ltd.		2020.06.15	3 years	2008.12.02	63,355,157	9.98%	65,255,811	9.98%	-	-	-	-			N/A	N/A	N/A	
		Represented by: HOU, Chih-Sheng	Male	-	-	-	-	-	116,890	0.02%	-	-	-	-	Ph.D, Electrical Engineering, Massachusetts Institute of Technology MS/BS, Electrical Engineering, Biomedical Informatics, Stanford University	◆ Consultant, Electronic and Optoelectronic System Research Laboratories, ITRI ◆ Director, Tainan Spinning ◆ Director, UCC Investment ◆ Supervisor, Huan-Chung Cement International Co. ◆ Director, Lio-ho Machine	Chairman Director	HOU, Bo-Yi HOU, Chih-Yuan	Father & Son Siblings	President of the company
Director	R.O.C.	Yu-Sheng Investment Co., Ltd.		2020.06.15	3 years	2017.6.14	62,652,464	9.87%	64,532,037	9.87%	-	-	-	-			N/A	N/A	N/A	
		Represented by: HOU, Chih-Yuan	Male	-	-	-	-	-	35,066	0.01%	-	-	-	-	BA, Political Science, Columbia University AM, East Asia Studies, Harvard University	◆ Director, Tainan Spinning ◆ Director, UCC Investment ◆ Director, Huan-Chung Cement International Co. ◆ Director, Lio-ho Machine ◆ Director, Grand Bills Finance Corp. ◆ Director, Nantex Industry Co., Ltd.	Chairman Director	HOU, Bo-Yi HOU, Chih-Sheng	Siblings	
Director	R.O.C.	Hsin-Han Investment Co., Ltd.		2020.06.15	3 years	2017.6.14	35,450	0.005%	220,450	0.03%	-	-	-	-			N/A	N/A	N/A	
		Represented by: CHEN, Jing-Hsing	Male	-	-	-	-	-	1,120,926	0.17%	-	-	569,850	0.09%	MBA, University of Michigan.	◆ Manager, IT department, President Corporation.	N/A	N/A	N/A	
Independent Director	R.O.C.	CHAN, Yi-Jen	Male	2020.06.15	3 years	2017.6.14	-	-	-	-	-	-	-	-	PhD/EECS, The University of Michigan, Ann Arbor, USA	◆ Chief Technology Officer, Cyntec Co., Hsinchu, Taiwan	N/A	N/A	N/A	
Independent Director	R.O.C.	HO, Yi-Da	Male	2020.06.15	3 years	2020.06.15	-	-	-	-	-	-	-	-	MBA, Sloan School of Management, Massachusetts Institute of Technology	◆ Chairman, YFY Inc.	N/A	N/A	N/A	
Independent Director	R.O.C.	WANG, Yong-Chun	Male	2020.06.15	3 years	2020.06.15	-	-	-	-	-	-	-	-	Bachelor, Dept. of Law, China Culture University	◆ Managing Attorney, Ning-yuan Law Firm	N/A	N/A	N/A	

Major Shareholders of Institutional Shareholders

2021.04.30

Name of Institutional Shareholder	Main Shareholder of Institutional Shareholder	
	Name	Holding Ratio
Sheng-Yuan Investment Co., Ltd.	HOU, Bo-Yi	99.00%
	HOU, Chih-Sheng	0.30%
	HOU, Chih-Yuan	0.30%
	HOU SU, Ching Chieh	0.40%
Bo-Chih Investment Co., Ltd.	HOU, Bo-Yi	50.00%
	HOU, Chih-Yuan	6.62%
	HOU SU, Ching Chieh	43.38%
Yu-Sheng Investment Co., Ltd.	HOU, Bo-Yi	97.32%
	HOU, Chih-Sheng	2.49%
	HOU SU, Ching Chieh	0.19%
Hsin-Han Investment Co., Ltd.	CHEN, Jing-Hsing	99.00%
	CHEN, Mei-Ru	1.00%

Profile of Directors

2021.04.30

Qualification / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as a Independent Directors
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the company.	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman																
Bo-Chih Investment Co., Ltd. Represented by: HOU, Bo-Yi	-	-	V	-	-	-	-	-	V	-	-	V	-	V	-	None
Director																
Sheng-Yuan Investment Co., Ltd. Represented by: HOU, Chih-Sheng	-	-	V	-	-	V	-	-	V	V	V	V	-	V	-	None
Yu-Sheng Investment Co., Ltd. Represented by: HOU, Chih-Yuan	-	-	V	-	-	V	-	-	V	V	V	V	-	V	-	None
Hsin-Han Investment Co., Ltd. Represented by: CHEN, Jing-Hsing	-	-	V	V	V	V	V	V	V	V	-	V	V	V	-	None
Independent Director																
CHAN, Yi-Jen	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	None
HO, Yi-Da			V	V	V	V	V	V	V	V	V	V	V	V	V	None
WANG, Yong-Chun		V		V	V	V	V	V	V	V	V	V	V	V	V	None

Note: Please tick the corresponding boxes that apply to the directors or independent directors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.
11. Not been a person of any conditions defined in Article 30 of the company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the company Law.

3.2.2 Profile of President, Vice Presidents, Assistant Vice Presidents and the chief of divisions and branches of the company.

2021.04.30

Position	Nationality	Name	Gender	Date of Appointment	Share Held		Share held by spouse and underage children as of date of report		Share held under name of third-party		Professional experience and Education	Other position held in the company or Other Company	Manager who is a spouse or relative within second degree of kinship			Remark
					Share	Ratio	Share	Ratio	Share	Ratio			Position	Name	Relation	
President	R.O.C.	HOU, Chih-Sheng	Male	2020.07.01	116,890	0.02%	-	-	-	-	Ph.D, Electrical Engineering, Massachusetts Institute of Technology MS/BS, Electrical Engineering, Biomedical Informatics, Stanford University	Consultant, Electronic and Optoelectronic System Research Laboratories, ITRI Director, Tainan Spinning Director, UCC Investment Supervisor, Huan-Chung Cement International Co. Director, Lio-ho Machine	Chairman Executive VP	HOU, Bo-Yi HOU, Chih-Yuan	Father & Son Siblings	
Executive Vice President	R.O.C.	HOU, Chih-Yuan	Male	2020.07.01	35,066	0.01%	-	-	-	-	BA, Political Science, Columbia University AM, East Asia Studies, Harvard University	Director, Tainan Spinning Director, UCC Investment Director, Huan-Chung Cement International Co. Director, Lio-ho Machine Director, Grand Bills Finance Corp. Director, Nantex Industry Co., Ltd.	Chairman President	HOU, Bo-Yi HOU, Chih-Sheng	Father & Son Sibling	
Chief of Auditing	R.O.C.	CHIANG, Hai-Wei	Female	2018.08.20	-	-	-	-	-	-	Dept. of Accounting, National Kaohsiung University of Applied Sciences	-	-	-	-	
Vice President, Financial Division	R.O.C.	YANG, Tsung-Jen	Male	2009.03.01	-	-	-	-	-	-	Dept. of Economics, China Culture University	Supervisor, Lio-ho Machine Supervisor, UCC Investment Director, Universal Ready-mixed Concrete Industry Chairman, Chia-Yi Ready-mixed Concrete	-	-	-	
Asst. VP, Cement Division	R.O.C.	CHAN, Chih-Hung	Male	2015.03.24	-	-	-	-	-	-	Dept. of Industrial Management, National Taiwan Institute of Technology	Director, Huan-Chung Cement International Co.	-	-	-	
Director, Accounting Division	R.O.C.	TSENG, Pei-Hsin	Female	2019.05.01	-	-	-	-	-	-	Dept. of Accounting, Ming-Chuan University	-	-	-	-	
Director, Office of President	R.O.C.	CHANG, Pei-De	Male	2018.03.01	-	-	-	-	-	-	Dept. of Finance, National Taiwan University	Director, Universal Ready-mixed Concrete Director, Tainan Ready-mixed Concrete	-	-	-	
Director, Management Division	R.O.C.	WANG, Jau-Ching	Male	2013.02.01	-	-	-	-	-	-	Dept. of Environmental Engineering, Chia Nan University of Pharmacy ＆ Science	Supervisor, Universal Ready-mixed Concrete Industry Director, Chia-Yi Ready-mixed Concrete Industry Chairman, Kao-hsiung Pier Transportation	-	-	-	
VP, Building Material Division	R.O.C.	CHANG, Ching-Tse	Male	2009.01.10	-	-	-	-	-	-	Dept. of Industrial Education, National Taiwan Normal University	-	-	-	-	2021.04.09 Retire
Director, Building Material Division	R.O.C.	KAO, Tsung-Yao	Male	2020.04.10	-	-	-	-	-	-	Dept. of Chemical Engineering, Nan-Tai Junior College of Engineering	-	-	-	-	
Plant Manager, Alian Cement Plant	R.O.C.	CHEN, Heng-Chuan	Male	2019.08.01	-	-	-	-	-	-	Master, Institute of Earth Sciences, National Taiwan Ocean University	-	-	-	-	
Plant Manager, Hai-fu Gypsum Board Plant	R.O.C.	WU, Chong-Lun	Male	2020.11.1	-	-	-	-	-	-	Dept. of Marine Engineering, China Maritime College	-	-	-	-	
Supervisor, Ready-mixed Concrete Division	R.O.C.	CHOU, Shih-Kuei	Male	2010.08.30	-	-	-	-	-	-	Dept. of Chemistry, National Cheng-Kung University	Chairman, Universal Ready-mixed Concrete Industry Chairman, Tainan Ready-mixed Concrete Director, Chia-Yi Ready-mixed Concrete	-	-	-	

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

3.3.1 Remuneration of Directors and Independent director

Unit: '000 NTD

Position	Name	Remuneration: Base Compensation (A): The company	Base Compensation (A): All companies in the consolidated financial statements	Severance Pay (B): The company	Severance Pay (B): All companies in the consolidated financial statements	Directors Compensation(C): The company	Directors Compensation(C): All companies in the consolidated financial statements	Allowances (D): The company	Allowances (D): All companies in the consolidated financial statements	Ratio of Total Remuneration (A+B+C+D) to Net Income (%): The company	Ratio of Total Remuneration (A+B+C+D) to Net Income (%): All companies in the consolidated financial statements	Remuneration Received by Directors as Employees: Salary, Bonuses, and Allowances (E): The company	Salary, Bonuses, and Allowances (E): All companies in the consolidated financial statements	Severance Pay (F): The company	Severance Pay (F): All companies in the consolidated financial statements	Employee Compensation (G): The company: Cash	Employee Compensation (G): The company: Stock Value in Cash	Employee Compensation (G): All companies in the consolidated financial statements: Cash	Employee Compensation (G): All companies in the consolidated financial statements: Stock Value in Cash	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%): The company	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%): All companies in the consolidated financial statements	Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
Chairman	Bo-Chih Investment Inc.(1)(2)					9,392	9,392	960	960	0.91%	0.91%									0.91%	0.91%	None
	Represented by: HOU, Bo-Yi							1,384	1,384	0.12%	0.12%	8,600	8,600			1,450		1,450		1.01%	1.00%	
Director	Sheng-Yuan Investment Inc. (1)(2)					3,131	3,131	240	240	0.30%	0.30%									0.30%	0.30%	
	Represented by: HOU, Chih-Sheng							80	80	0.01%	0.01%	6,958	6,958			1,223		1,223		0.73%	0.72%	
Director	Sheng-Yuan Investment Inc. (1)					1,041	1,041	129	129	0.10%	0.10%									0.10%	0.10%	
	Represented by: HOU, Chih-Yuan (1)							80	80	0.01%	0.01%	6,912	6,912			1,193		1,193		0.72%	0.72%	
Director	Sheng-Yuan Investment Inc. (1)					1,041	1,041	129	129	0.10%	0.10%									0.10%	0.10%	
	Represented by: CHANG, Ching-Tse (1)							30	30	0.00%	0.00%	2,223	2,223			73		73		0.20%	0.20%	
Director	Bo-Chih Investment Inc. (1)					1,041	1,041	129	129	0.10%	0.10%									0.10%	0.10%	
	Represented by: YAN, Shan-Hsiung (1)							30	30	0.00%	0.00%	0	0							0.00%	0.00%	
Director	Yu-Sheng Investment Inc (1)(2)					3,131	3,131	240	240	0.30%	0.30%									0.30%	0.30%	
	Represented by: WU, Ming-Song(1)							30	30	0.00%	0.00%									0.00%	0.00%	
	Represented by: HOU, Chih-Yuan(2)							0	0	0.00%	0.00%									0.00%	0.00%	
Director	Yu-Sheng Investment Inc (1)					1,041	1,041	129	129	0.10%	0.10%									0.10%	0.10%	
	Represented by: YANG, Tsung-Jen (1)							30	30	0.00%	0.00%	1,925	1,925			75		75		0.18%	0.18%	
Director	Hsing-Han Investment Inc (1)(2)					3,131	3,131	240	240	0.30%	0.30%									0.30%	0.30%	
	Represented by: CHEN, Jing-Hsing (1)(2)							80	80	0.01%	0.01%									0.01%	0.01%	
Independent Director	ZHANG, Wen-Chang (1)							289	289	0.03%	0.03%									0.03%	0.03%	
Independent Director	SU, Yen-Kun (1)							289	289	0.03%	0.03%									0.03%	0.03%	
Independent Director	CHAN, Yi-Ren (1)(2)							560	560	0.05%	0.05%									0.05%	0.05%	
Independent Director	HO, Yi-Da (2)							271	271	0.02%	0.02%									0.02%	0.02%	
Independent Director	WANG, Yong-Chun (2)							271	271	0.02%	0.02%									0.02%	0.02%	

Note：(1) 22nd Borad of Directors consists of 11 directors. (2) The Board of Director was re-elected on June 15, 2020 for 23rd term which consists of 7 members.

3.3.2 Remuneration of President and Vice President

Unit: '000 NTD

Position	Name	Salary(A)		Pensions(B)		Reward and Allowance etc. (C)		Employees bonus from Distributable Earnings (D)				Total Amount (A+B+C+D)/Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock Value in Cash	Cash	Stock Value in Cash			
President	HOU, Chih-Sheng	2,700	2,700			4,258	4,258	1,223		1,223		0.72%	0.72%	None
Executive Vice President	HOU, Chih-Yuan	2,610	2,610			4,302	4,302	1,193		1,193		0.71%	0.71%	

3.3.3 Name and Title of the Top 5 Manager Who Were Distributed Employees Remuneration

Unit: '000 NTD

Position	Name	Salary(A)		Pensions(B)		Reward and Allowance etc. (C)		Employees bonus from Distributable Earnings (D)				Total Amount (A+B+C+D)/Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock Value in Cash	Cash	Stock Value in Cash			
Chief Strategy Officer	HOU, Bo-Yi	4,200	4,200			4,400	4,400	1,450		1,450		0.89%	0.89%	None
President	HOU, Chih-Sheng	2,700	2,700			4,258	4,258	1,223		1,223		0.72%	0.72%	
Executive Vice President	HOU, Chih-Yuan	2,610	2,610			4,302	4,302	1,193		1,193		0.71%	0.71%	
Vice President	CHANG, Chin-Tse	2,004	2,004			219	219	73		73		0.20%	0.20%	
Director	YANG, Tsung-Jen	1,700	1,700			225	225	75		75		0.18%	0.18%	

3.3.4 Employees Remuneration to Management Team

Unit: '000 NTD

	Position	Name	Stock Value in Cash	Cash	Total	Total Amount/Net Income（%）
Managers	Chief Strategy Officer	HOU, Bo-Yi	-	4,202	4,202	0.34%
	President	HOU, Chih-Sheng				
	Executive Vice President	HOU, Chih-Yuan				
	Vice president, Building Material Division	CHANG, Chin-Tse				
	Chief Supervisor, Ready-mixed Concrete Division	ZHOU, Shih-Gui				
	Vice President, Finance Division	YANG, Tsung-Jen				
	Director, Cement Division	CHAN, Chih-Hung				
	Director, Accounting Division	TSENG, Pei-Hsin				

3.3.5 Analysis on the Remuration received by Directors, President and Vice Presidents

1. Ratio of Total Compensation received by Directors (Independent Directors), President, and Vice Presidents to Net Income for last two fiscal years,

   The ratio for year of 2020 was 5.19% (comparing to Net Icome of the company) and 5.18%(comparing the Net Income of all companies in consolidated financial report). The ratio for year of 2019 was 4.65% (comparing to Net Icome of the company) and 4.63%(comparing the Net Income of all companies in consolidated financial report).

2. Connections between Policy, Citeria & Package for Remuration Paid, Process of Decision and Operation Performance & Future Risk,

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

   (2) Pursuant to Article 29 of Company Act and Article 31 of Article of Association of the company, the President and Vice President is authorized by the Board of Directors to oversee the business of the company, whose

remuration was decided by consideration of individual performance and contribution the comprehensive operation performance of the company and market level of similar position.

(3) Policies illustrated in (1)(2) above is in compliance with “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange” and submitted to Remuration Committee for deliberation.

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

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

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

Position	Name	Attendance		Attendance Rate	Remark
		In Person	By Proxy		
Chairman	Bo-Chih Investment Inc. Represented by: HOU, Bo-Yi	3	0	100%	The Board was re-elected on June 15, 2020. 3 meetings were held for 22nd Board of Director in 2020.
Director	Sheng-Yuan Investment Inc. Represented by: HOU, Chih-Sheng	3	0	100%	
Director	Sheng-Yuan Investment Inc. Represented by: HOU, Chih-Yuan	3	0	100%	
Director	Sheng-Yuan Investment Inc. Represented by: CHANG, Ching-Tse	2	1	67%	
Director	Yu-Sheng Investment Inc. Represented by: WU, Ming-Song	1	2	33%	
Director	Yu-Sheng Investment Inc. Represented by: YANG, Tsung-Jen	3	0	100%	
Director	Bo-Chih Investment Inc. Represented by: YAN, Shan-Hsiung	3	0	100%	
Director	Hsing-Han Investment Inc. Represented by: CHEN, Jing-Hsing	3	0	100%	
Independent Director	ZHANG, Wen-Chang	3	0	100%	
Independent Director	SU, Yen-Kun	3	0	100%	
Independent Director	CHAN, Yi-Ren	3	0	100%	
Chairman	Bo-Chih Investment Inc. Represented by: HOU, Bo-Yi	5	0	100%	The Board was re-elected on June 15, 2020. 5 meetings were held for 23rd Board of Director in 2020.
Director	Sheng-Yuan Investment Inc. Represented by: HOU, Chih-Sheng	5	0	100%	
Director	Yu-Sheng Investment Inc. Represented by: HOU, Chih-Yuan	5	0	100%	
Director	Hsing-Han Investment Inc. Represented by: CHEN, Jing-Hsing	5	0	100%	The Board was re-elected on June 15, 2020. 5 meetings were held for 23rd Board of Director in 2020.
Independent Director	CHAN, Yi-Ren	5	0	100%	
Independent Director	HO, Yi-Da	5	0	100%	
Independent Director	WANG, Yong-Chun	5	0	100%	

Other matters that require reporting：

1. Please specify the date of BOD meeting, term, content of the resolution, all statement made by independent directors and how the company respond to such statement for following occasions,
   (1) Items listed in the Article 14-3 of the Securities Exchange Act: N/A.
   (2) Other than the aforementioned, any resolution to which the independent hold opposing position against or reservation and were recorded or made recorded in written: Please see page 46—3.4.12 As of the date of publication, dissenting opinion against resolutions of the Board of Directors meeting made by Directors with record or by submission in writing and its content.
2. In the case where a director needs to recuse himself/herself, please specify the name of the director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution: N/A.
3. The implementation of the peer evaluation of the Board:

Evaluation frequency	Evaluated period	Evaluation scope	Evaluation method
Annually	2020.01.01~2020.12.13	The Board and members of Functional Committees	Peer-evaluation
Item evaluated:	1. Participation of operation of the company; 2. Awareness of the goal and mission of the company; 3. Enhancing the quality of decision-making of the Board or Committees; 4. Awareness of the duty of the Board or the committees; 5. Composition and Structure of the Board or the Committees; 6. Selection of the members of the Board or Committees and continuous training; 7. Management of internal networking and communication; 8. Internal Control;		

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

3.4.2 Operation of Auditing Committees

1. Operation of Auditing Committees

There are 5 meetings of the Auditing Committees held in the year reported. Members' attendance is reported as follows:

Name	Attendance		Attendance Rate	Remark
	In Person	In Person		
CHAN, Yi-Ren	2	0	100%	The Committed was re-appointed on June 15, 2020. 2 meetings were held for 1st Auditing Committee in 2020.
ZHANG, Wen-Chang	2	0	100%	
SU, Yen-Kun	2	0	100%	
CHAN, Yi-Ren	3	0	100%	The Committed was re-appointed on June 15, 2020. 3 meetings were held for 2nd Auditing Committee in 2020.
HO, Yi-Da	3	0	100%	
WANG, Yong-Chun	3	0	100%	

Other matters that require reporting：

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

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

Term/ Date of committee meetings	Content of the Resolution	Resolution of the Committee	Actions of the company
12th meeting of Term 1 held on Mar. 26, 2020	Financial Report for year of 2019	Resolved by the Committee with unanimous approval by all members presented and advise to submit to the Board.	Resolved by the board with unanimous approval by all directors presented. The company executed as per board's resolution.
	Chang of CPA		
	Capital Increase to Subsidiary by cash		
1st meeting of Term 2 held on June 30, 2020	Appointment of Chief Strategy Officer, President, Executive Vice President		
3rd meeting of Term 2 held on Nov. 13, 2020	Amendment to the protocol for Internal Control		

   (2) Except for the aforementioned, any matters not passed by the committee and was resolved by the board with approval of two-third of Board members: N/A.

2. In case of recusal of Independent Directors due to conflict of Interest, please specify the name of the independent director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution: N/A.
3. Communication between the Independent Directors and Chief of Internal Audit / CPA:
   (1) An auditing report and follow up report is submitted to the chief of the auditing committee for review along with the report on the result of the internal audit conducted. The independent director is within its power to request investigation on the operation of business and the financial status of the company at his sole discretion.
   (2) Chief of Internal Audit and CPA both were present, by invitation, on the meeting of Auditing Committee to report to the committee audit method adopted by Internal Audit body and CPA, scope of auditing and major adjustment made with full explanation and comprehensive communication with the members of the committee.

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

Evaluation Item	Compliance Status			Deviation from the Practice and reasons
	Y	N	Remark	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The company has adopted "Corporate Governance Best-Practice Principles" be reference to "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and disclose on website of Market Observation Post System and the company.	None.
2. Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The company has appointed spokesperson, deputy spokesperson and shareholders' affair unit to respond to advise and dispute raised by shareholders.	None.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The company keep track of list of major shareholder and its controller and disclose monthly pursuant to relevant regulation.	None.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		The company has established policies for managements and control of subsidiaries by specially appointed unit pursuant to Internal Control system, protocol and operation guidelines and relevant regulations.	None.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		The company has adopted "Procedure Dealing with Internal Material Information" to prevent insider from trading of securities by leveraging unpublished information.	None.
3. Composition and Duties of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		The company has considered from many aspect during the nomination and selection of candidates of directors to assure the appointee possess quality that might benefit the company.	None.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The company has appointed Remuneration Committee and Audit Committee pursuant to applicable regulation. The appointment of other functional committee will be deliberated according to the need of the company.	None.
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?		V	The company has conducted a peer evaluation among members of the BOD and functional committees for the year of 2020. The result is reported on meeting of Board of Directors on Mar. 23, 2021.	None.

Evaluation Item	Compliance Status			Deviation from the Practice and reasons
	Y	N	Remark	
(4) Does the company regularly assess the independence of CPA certifying the financial report of the company?	V		The Accounting Department of the company evaluates independency of the CPA annually. The result is submitted to the BOD meeting and approved on Mar. 26, 2020. It is the conclusion of the company that CPA Mr. YANG, Chao-Chin and Ms. KUO Lee-Yuan, has satisfied the standard of independency recognized by the company (Note 1).	None.
4. Does the company establish specialized units or dedicated members and personnel responsible for corporate governance affairs, as well as carrying out key actions and reporting statuses (e.g. : including but not limited to provide the information that board directors and supervisors request to perform their duties, ensuring the general affairs of board meetings and shareholders' meetings are held in accordance with regulations, applying and changing of company registration, and taking meeting minutes for board meetings and shareholders' meetings.)	V		The Board of Directors has appointed Mr. YANG, Tsung-Jen to be the Chief Officer of Corporate Governance on its meeting on Aug. 11, 2020 effective from Jan. 1st, 2021.	None.
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company has appointed Spokesman and deputy spokesperson. Relevant information has been disclosed on MOPS pursuant to applicable regulations. To maintain good communication with our investors, we also publish financial information and matters regarding shareholding. A bulletin for stakeholders has been established on the website of the company.	None.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The company has delegated the shareholder service to a professional service agency - Department of Stock Agency, Hua-Nan Securities Inc., effective from Apr. 8, 2021 the service agency has been replaced with Department of Stock Agency, SinoPac Securities.	None.
7、 Information Disclosure （1） Does the company have a corporate website to disclose both financial standings and the status of corporate governance? （2） Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system,	V		The company had designated personnel responsible for collections and publications of various information pursuant to applicable regulations as well as information regarding Spokesman. Investors can access to financial, business operation, and corporate governance information on MOPS website.	None.

Evaluation Item	Compliance Status			Deviation from the Practice and reasons
	Y	N	Remark	
webcasting investor conferences)? （3） Does the company publish and file annual financial report within two months after the end of fiscal year and quarterly financial report and monthly operation report for first three quarters, respectively, prior to the deadline pursuant to relevant regulations?				
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. Benefit and Care for Employee The company has always lead the employee with integrity and establish close bond with employee with various benefits and on-job training. (1) Insurance: Group commercial insurance policy. (2) Remuneration: Annual Bonus, Performance-based Salary Adjustment. (3) Benefits: Meal subsidy/ holidays gift money (Dragon Boat Festival, Labor Day, Mid-Autumn and Chinese New Year)/ birthday gift money/ gift money for wedding, funeral birth and children's education/ emergency aid fund/ subsidy for traveling/ year-end party/ uniform/ annual health check. (4) Activities: Ad hoc sport event and encourage of participation in various sport event. (5) Training: Comprehensive training including orientation for new employee, on-job training, out-sourced training, online learning platform, subsidized training courses, incentive for advanced studies. (6) Pension System: The company has organized Supervisory Committee of Business Entities' Labor Retirement Reserve pursuant to applicable regulations and allocate retirement reserve monthly as required. For employee qualified for old pension system, the company has appropriated a lump-sum amount of retirement reserve fun to account under Bank of Taiwan as advised by the actuary in 2016. In compliance with implementation of Labor	None.

Evaluation Item	Compliance Status			Deviation from the Practice and reasons
	Y	N	Remark	
			Pension Act on July 1, 2005, the company has appropriated pension fund for employee qualified for new pension system at the rate of 6% and deposit to the account under Bureau of Labor Insurance. 2. Investor Relationship： The company has appointed Spokesman and deputy spokesperson. The company has delegated the shareholder service to a professional service agency - Department of Stock Agency, Hua-Nan Securities Inc., effective from Apr. 8, 2021 the service agency has been replaced with Department of Stock Agency, SinoPac Securities. The company has endeavored to maintain effective communication with investors via full disclosure of information on MOPS website and participation on AGM. 3. Supplier: The company and its supplier maintains good relationship to ensure competitive and stable supply for the company. In addition, we dedicate to building healthy partnership with reciprocal dynamics to maintain a reliable chain of supply. The company also conducts ad hoc auditing on the supplier to ensure the quality of supply.。 4. Rights of Stakeholders: (1) For Customers：The company supplies products with safety as well as superb quality, values the feedback from clients and take prompt actions on complaint from clients to ensure satisfactory result. (2) For shareholders: It is the goal to safeguard the rights of shareholder. 5. Training for Directors: The company encourages directors to participate trainings offered by qualified institutions as individual directors sees the topic fits the need and also offer	None. None. None. None.

Evaluation Item	Compliance Status			Deviation from the Practice and reasons
	Y	N	Remark	
			suggestions to directors and help organizing as needed. Please see below a list of training classes taken for 23th Board of Directors. 6. Risk Management and implementation: The company has implemented "Guidelines of Standard for Risk Management and Evaluation" for management and evaluation of various type of risks.	None.
			7. Customer Management Policy： The company has implemented a credit allowance system for each client, maintain a comprehensive records of transactions with each client to decide appropriate credit and payment terms to ensure smooth transaction. The company also follow ISO quality assurance system during production to ensure the compatibility with product standard as well as the interest of the client and consumer. It is also the top priority of the company to enhance the protection on the privacy of the client with random internal audit to make sure all measures remain effective.	None.
			8. Insurance for Directors The Board of Directors has approved on its meeting on Mar. 26, 2020, to insure the members of the board for its liability during executing its duty.	None.
9. Base on the result of "Corporate governance Evaluation" announced by TWSE (Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven't been improved：Pursuant to the evaluation result for 2020 Evaluation on Corporate Governance published by TWSE, the company will take into account the result and evaluate and form action plans for improvement.				

Annex：

Training records for Directors in 2020: Term for 22nd Board of Directors: June 14, 2017-June 13, 2020
Term for 23rd Board of Directors: June 15, 2020-June 14, 2023

Title	Name	Date	Host By	Title of Class	Hours
Chairman	HOU, Bo-Yi	2020.05.07	Taiwan Corporate Governance Association,	How does enterprise prevent against corruption? – Case Study	3.0
		2020.08.08		Management Strategy for Business Operation and News Crisis	3.0
		2020.08.11		Board of Directors' reactions to evaluation of corporate governance	3.0
		2020.10.28	Taiwan Institute of Directors	2020 Annual Conference of Taiwan Institute of Directors	3.0
Director	HOU, Chih-Sheng	2020.10.23	Taiwan Corporate Governance Association,	Seminar on liability of Directors and Supervisors and Risk Management	3.0
		2020.10.28	Taiwan Institute of Directors	2020 Annual Conference of Taiwan Institute of Directors	3.0
Director	HOU, Chih-Yuan	2020.05.07	Taiwan Corporate Governance Association,	How does enterprise prevent against corruption? – Case Study	3.0
		2020.06.16	Taiwan Listed Company Association	State Governance in Taiwan at Post-Pandemic Era	2.0
		2020.07.15		Legal environment faced by Taiwan Business' investment in US.	2.0
		2020.08.11	Taiwan Corporate Governance Association,	Board of Directors' reactions to evaluation of corporate governance	3.0
Director	CHEN, Jing-Hsing	2020.10.16	TWSE	2020 Seminar on Corporate Governance and Integrity for Directors and Supervisors	3.0
		2020.10.23	Taiwan Corporate Governance Association,	Seminar on liability of Directors and Supervisors and Risk Management	3.0
Independent Director	CHAN, Yi-Ren	2020.10.21	Institute of Internal Auditor	Latest development of corporate governance and implementation of control explained.	6.0
Independent Director	HO, Yi-Da	2020.09.30	Taiwan Corporate Governance Association,	Corporate Governance and Securities Regulations	3.0
		2020.11.17		Enterprises shape by trend of 5G – Digital Transformation and New Form of Competition	3.0
		2020.11.17		Digitization of supply chain management under transformation.	3.0
Independent Director	WANG, Yong-Chun	2020.11.26	Taiwan Independent Director Association	Practices and cases of Committee of Auditing and other functional committees	3.0
		2020.11.27	Taiwan Corporate Governance Association,	Advanced Practice on Committee of Auditing	3.0
		2020.12.17		Corporate Governance and Legal Compliance	3.0
		2020.12.24		Prevention of Insiders' Trading	3.0

(Note 1) Checking List on the qualification and independency of CPA

Item Assessed	Mr. YANG, Chao-chin, CPA	Ms. GUO, Li-yuan, CPA	Ms. LEE, Chi-Chen
1. Profile	Chao Chin Yang is currently a certified public accountant in the Tainan of Deloitte & Touche. He joined Deloitte in 1998 and then got the license of Taiwan CPA in 2012.In 2017, he was promoted to Audit Partner.	Lee Yuan Kuo accountant joined Deloitte in 1990. In 2004, she was promoted to Audit & Assurance Partner. She has provided various services to clients, such as going listed, acquisition, re-organization & IFRSs adoption consultation etc.	Chi Chen Lee is currently a certified public accountant in the Tainan of Deloitte & Touche .He joined Deloitte in 1990 and then got the license of Taiwan CPA in 1999.In 2004, he was promoted to Audit Partner.
2. No significant financial interest related to the company.	V	V	V
3. Avoid any inappropriate relationship related to the company.	V	V	V
4. Not serving as a director, supervisor or manager of the company or a position that has a significant influence on the audit case in the last two years	V	V	V
5. During the audit, the accountant, his spouse, dependent relatives, or fourth relatives and other close relatives did not serve as directors, supervisors, managers, or positions that have a significant impact on the audit case	V	V	V
6. Accountants must not use their own name for others	V	V	V
7. No shares of the company	V	V	V
8. No money loan with our company	V	V	V
9. No joint investment or interest-sharing relationship with the company.	V	V	V
10. No part-time job or fixed salary of the company.	V	V	V
11. Must not involve the management function of the company in making decisions.	V	V	V
12. Do not charge commissions related to the business.	V	V	V
13. Do not concurrently operate other businesses that may lose independence.	V	V	V
14. Accountants should ensure that their assistants are honest, impartial, and independent.	V	V	V
Outcomes of assessment: Professional background of accountant Chao Chin Yang, Lee Yuan Kuo and Chi-Chen Lee are competent and the relationship with the company does not violate the characteristics of detached independence.			

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

1. Profile of Members of the Remuneration Committee

Position (Note1) / Qualification \ Name	3rd Remuneration Committee			4th Remuneration Committee		
	Independent Director			Independent Director		Other
	CHANG, Wen Chang	SU, Yen-Kun	CHAN, Yi-Ren	CHAN, Yi-Ren	HO, Yi-Da	CHANG, Wen Chang
Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience						
An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the company in a Public or Private Junior College, College or University						
A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the company						
Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the company.	✓	✓	✓	✓	✓	✓
Independence Criteria (1) ~ (10) (Note 2)	✓	✓	✓	✓	✓	✓
Number of Other Public Companies in Which the Individual is Concurrently Serving as a Members of the Remuneration Committee	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: Please specify the members' position: director, independence director or others.

Note 2: Please tick the corresponding boxes if each member has been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not been a person of any conditions defined in Article 30 of the company Law.

2. Implementation Status of the Remuneration Committee

(1) There are 3 members in the Remuneration Committee.

(2) Tenure for 3rd Remuneration Committee: June 29, 2017~June 13, 2020.

Tenure for 4th Remuneration Committee: June 15, 2020~June 14, 2023.

The Committee held 1(3rd Term) /3(4th Term) meetings in the year reported with attendance record as follow,

Position	Name	Attendance		Attendance Rate (%)	Remark
		In Person	By Proxy		
Chairperson	CHANG, Wen Chang	1	0	100%	3rd Remuneration Committee
Member	SU, Yen-Kun	1	0	100%	
Member	CHAN, Yi-Ren	1	0	100%	
Chairperson	CHAN, Yi-Ren	3	0	100%	4th Remuneration Committee
Member	HO, Yi-Da	3	0	100%	
Member	CHANG, Wen Chang	3	0	100%	

Mandate of the Remuneration Committee

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

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

Meetings of Remuneration Committee

The Committee has held the following meetings to review and evaluate remuneration policies of the Company in the year of 2020.

Date and Terms of the meetings	Agenda	Recommendation	Actions by the Company
6th meeting of 3rd Term, held on Mar. 26	1. Review of the policies of structures for remuneration of the Directors and Managers and evaluation of performance thereof. 2. Review of the proposal of bonuses for the employees and directors for 2019.	The Chairperson consulted with members presented and approve unanimously.	The Board of Directors has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations.
1st meeting of 4th Term, held on June 30	1. Appointment of chairperson of the committee.	The interim Chairperson consulted with members presented and approve unanimously.	The Board of Directors has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations.

2nd meeting of 4th Term, held on July 9	1. Review of the remuneration of the Chief Strategy Officer, President and Executive Vice President. 2. Review of the travel allowance and attendance fee of the Chairman of the Board and Directors. 3. Review of the travel allowance and attendance fee of the independent directors and members of Audit Committee.	The Chairperson consulted with members presented and approve unanimously.	The Board of Directors has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations.
3rd meeting of 4th Term, held on Nov. 13	1. Review of remuneration and KPI-based bonus package for the year of 2021. 2. Review of the proposal of bonus for managers for year of 2021. 3. Discussion of working plan of the committee for the year of 2021.	The Chairperson consulted with members presented and approve unanimously.	The Board of Directors has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations.

Other matters that require reporting:

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

3.4.5 Fulfillment of CSR and discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Assessment Items	Implementation Status			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
1. Does the company assess environmental, social and governance risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		The analysis of the risk of major issues and the related risk management or strategies is disclosed in the company's CSR report and the summary is as follows. 1. Environmental major issue: Circular economy and the risk for environmental protection have been identified, and the company has evaluated and propose countermeasures including recycling of gypsum boards, increasing the composition of recycled material in the product, and applying for Green Building Materials related certificates domestically and internationally. 2. Social major issue: Establish comprehensive after-sales service, decrease the risk of product's quality, and reduce the risk factors to the employees' mental health through regularly medical examination and the counselling and guidance given from supervisors.	None.

Assessment Items	Implementation Status			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			3. Governance major issue: The company has identified source of risks including integrity management, legal compliance, operational performance and financial risks and also evaluated and formulated related strategies such as implementing measures for integrity management, cooperating with external legal consultants and communicating between departments.	
2. Does the company establish exclusively (or concurrently) dedicated unit authorized by the Board to be in charge of proposing and enforcing the corporate social responsibility policies and reporting to the Board?	V		The company's the Board of Directors approved the appointment of the Office of President as the CSR responsible unit on August 11, 2020. The Office is in charge of the CSR policies, regulations, management, organizing specific programs and regularly reporting the implementation to the Board of Directors.	None.
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of its industries?	V		The company is staffed with employees subordinate to the Office of President, the unit for CSR programs, responsible for environmental management, formulating relating strategies for air pollution, water pollution, and the disposal of waste and regularly conducting the training courses of environmental education for the management and other employees.	None.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The company has endeavored to make the production line more efficient and eco-friendly to reduce the impact and burden of the environment. Take the gypsum board for example, the company has developed a mature mode of circular economy, establishing the recycle system to reprocess those used gypsum boards to be renewable for manufacture and the percentage of reuse of gypsum boards has reached 100%. All gypsum boards manufactured by the company are the products certificated with Green Building Materials Label from the Architecture and Building Research Institute, Ministry of The Interior.	None.

Assessment Items	Implementation Status			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company evaluate the potential risks and opportunities under climate change and take measures in response to the climate issues?	V		As the citizen of the Earth, the company has climate change issues included in the factors in business operation and also has identified potential risks and opportunities such as the weather getting extremer, the revisions of regulations, the rising costs of carbon emission, the progressing concept of green building materials, the motive for developing eco-friendly products, establishing environment-friendly production lines to reduce the consumption of energy. The company formulates risk management strategies and plans based on analysis results, which are the core of its actions in response to climate change for environmental sustainability.	None.
(4) Does the company record greenhouse gas emissions, water consumption, and weight of waste over the last two years and establish policies on energy efficiency, reduction of carbon dioxide and greenhouse gas, water-saving and other waste management?	V		In keeping with global environmental trends, the company is complying with regulations and responding to calls for the reduction of greenhouse gas emissions by recording the amount of carbon emissions and water consumption. The company also formulates water and energy conservation policies including building a paperless office, using high-efficiency motors or eco-friendly lamps and recycling.	None.
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The company not only complies with local regulations but also upholds the internationally-recognized human rights for labor and respects the United Nations Universal Declaration on Human Rights, the International Labor Organization's fundamental conventions on core labor standards, the International Covenant on Civil and Political Rights and the	None.

Assessment Items	Implementation Status			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			International Covenant on Economic Social and Cultural Rights. The company formulates human rights policies and expects all the business partners to comply with them. The following is an overview of the guiding principles: (a) Compliance to the local labor and environmental regulations. (b) Provide a safe and healthy work environment. (c) Eliminate forced labor. (d) Abolish child labor. (e) Respect employees' privacy and freedom of association. (f) Keep the communication open and provide the grievance procedure. For more specific measures, please view the company's website: About UCCTW→Human Rights Policy.	
(2) Does the company have reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately reflect the business performance or results on the employee remuneration policy?	V		The company stipulates employee benefit measures as follows: (a) Offer the market-competitive salary surpassing the minimum wage declared by Labor Standards Act and regularly review wage levels and the reward system based on industry salary survey reports and the supply and demand in labor market. (b) Provide scholarship for employees' dependents, health examination and training courses for employees. (c) Allocate annual profits as employee bonuses. Employees working for over six months will be eligible of a salary review at the end of the year. For more employee benefit measures, please view the company's website: Social Responsibility → Employee Benefit Measures.	None.
(3) Does the company provide employees with a safe and healthy working environment and regularly organize training on health and safety?	V		The company conforms to government regulations on labor health and safety, formulating corresponding measures, holding training courses, offering protective equipment, and making annual environmental inspection by external	None.

Assessment Items	Implementation Status			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			units and re-inspection by the fire department. Also, the supervisors and the personnel of environmental safety and health manage and inspect operating fields by patrolling every day, controlling deficiencies, following up on improvement, and regularly reporting to the President at monthly meetings.	
(4) Does the company have an effective career development training program for employees?	V		The company not only assesses and provides feedback on employees' skills and interests, but also offers training and development activities that match their career development objectives and job needs.	None.
(5) Does the company follow relevant laws, regulations and international guidelines for customer health and safety, customer privacy, and marketing or labeling of products and service, and also formulate customer protection policies and procedures for consumer complaints?	V		The company not only complies with local regulations and relevant international standards to label and promote products, but also provide customer service through email and hotline responding to consumer's queries and grievances to improve products and service efficiency.	None.
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety or labor and human rights? If so, describe the results.	V		the company's suppliers are all selected by a transparent procedure and the sustainability is the priority. The suppliers should support the labor rights, maintain healthy and safe operating environment, keep to corporate ethical regulations and those who provide environmental-friendly materials have the preferential right to negotiate prices. If suppliers violate the company's policies, the company has the right to terminate the contract.	None.
5. Does the company adopt internationally recognized standards or guidelines in the preparation of corporate social responsibility reports disclosing its non-financial information? Does the reports above obtain assurance from a third party verification unit?	V		The company's CSR reports are written on the basis of the GRI Standards core options and all the data or information disclosed in reports has been provided by responsible departments and confirmed by the CSR responsible unit then been reviewed and approved by the Chairman. The company's CSR reports haven't obtained assurance from a third party verification unit.	None.
6. If the company has established its own corporate social responsibility principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please describe the implementation and the discrepancies if there's any: None.				

Assessment Items	Implementation Status			Discrepancies with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Explanation	
7. Other important information facilitating understanding of the state of CSR implementation: The company endeavors to carry out environmental protection, contribute to community activities and industry events, and donate to schools or charity organizations. The following are the contributions of 2020. 1. Visit local representatives of our factories' neighborhood to understand residents' needs. 2. Industry-academia cooperation: Sponsor free gypsum boards for the 50th National Skills Competition, produce a video demonstrating drywall skills with Yunlin-Chiayi-Tainan Regional Branch of Workforce Development Agency, Ministry of Labor, and the internship program with Department of Civil Engineering from National Cheng Kung University and Cheng Shiu University. 3. Donations: (1) Scholarships for Southern Taiwan University of Science and Technology: NT$ 200 thousand. (2) Scholarships for Scholarship Foundation of the Harvard Club of the R.O.C.: NT$50 thousand. (3) Sponsorship for the basketball team of National Taiwan University of Science and Technology: NT$ 200 thousand. (4) Sponsorship for the basketball team of National Taiwan Sport University: NT$ 200 thousand. (5) Sponsorship for the baseball team "Uni-President 7-Eleven Lions" from Taiwan's Chinese Professional Baseball League(CPBL): NT$ 1.1 million. (6) Sponsorship for the basketball team "Taoyuan Pilots" from P. LEAGUE+: NT$ 95 thousand. (7) Sponsorship for Yuan Ye Awards: NT$ 50 thousand.				

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

Evaluation Item	Implementation Status [1]			Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		A. The Board of Directors has approved the formulation of "Ethical Corporate Management Best Practice Principles," and established the "Procedures for Ethical Management and Guidelines for Conduct", specifying matters that should be noted by all employees of the company and companies of UCC Group while performing duties. The Office of the President is responsible for formulating ethical corporate management policies and prevention plans, reporting the operation of ethical corporate management and its status of implementation to the Board of	None.

Evaluation Item	Implementation Status [1]			Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
			Directors regularly. B. Ethical corporate management policies are published on the company's website, as well as promotional materials or external activities, so that managements, employees, suppliers, customers or other business-related institutions and personnel can understand the company's ethical corporate management philosophy and regulations.	
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		UCC has always been committed to business integrity and does not engage in business activities involving unethical conducts in the scope of business. The Office of the President regularly analyzes and evaluates the risks of dishonest behavior within the business scope and formulates the "Integrity Management Operating Procedures and Behavior Guidelines" accordingly. Such reviews cover at least the preventive measure described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.	None.
(3) Does the company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		The company has clear stipulations and ethical business conduct and relevant guidelines covering code of conducts, whistleblowings, punitive measures for violations, and grievances in company articles and systems, such guidelines include the "Ethical Corporate Management Best Practice Principles," "Procedures for Ethical Management and Guidelines for conduct," "Whistleblowing Procedures of Unethical Behaviors," and "Guidelines to Employee Grievances.". The company has established "Code of Ethical Conduct" for the Directors and Managers of the company to adhere to. The adequacy and effectiveness of regulations and policies or ethical business conduct are reviewed on a regular basis.	None.

Evaluation Item	Implementation Status [1]			Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
2. Implementation of operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		In the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for conducts," it is specified that the company shall refrain from having any engagements with parties that have any records of unethical conducts. Before dealing with any parties, the company shall assess whether there has been a record of unethical behavior, and try as much as possible to incorporate the ethical corporate management clause in the contract.	None.
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		A. The company has designated The Office of the President to support ethical corporate management and be responsible for devising and overseeing the ethical corporate management policy and prevention programs against unethical conducts. The company report the implementation of the above to the Board of Directors on November 13, 2020 and March 23, 2021. The frequency of report is at least once a year. B. The company implements the ethical corporate management policy, and the relevant implementation in 2020 is as follows: a. The proposal of establishing new "Procedures for Ethical Management and Guidelines for conduct," and the "Whistleblowing Procedures of Unethical Behaviors" has been approved by the Board of Directors. b. Program the internal and external regulations and conduct case studies based on real cases and training related to ethical management, with a	None.

Evaluation Item	Implementation Status [1]			Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
			total participant of 520 within a total of 217 hours of class hours.	
(3) Does the company establish and implement policies to prevent conflicts of interest and provide appropriate communication channels?	V		A. The company's "Procedures for Ethical Management and Guidelines for Conduct" specifies policies for preventing conflicts of interests. When employees have conflicts of interest in business, they should report to their direct supervisors and The Office of the President and receive appropriate guidance from direct supervisors. B. The company's "Rules of Procedure for Board of Directors Meetings" has clearly stated that if Directors has a stake in the proposal of the legal persons represented, they shall disclose the key aspects of the interest in the meeting. If their interest may compromise the interests of the company, the said Director shall not participate in the discussion of nor cast the vote on items involved and shall excuse himself from the proceeding of the specific agenda item involved. Also, they shall not stand proxy for other Directors to exercise the voting right on the same item.	None.
(4) Does the company have effective accounting and internal control system in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the system to prevent unethical conduct, or hire outside accountants to perform the audits?	V		The company has established an effective and mature accounting and internal control system to connect the function of personnel, finance, sales, production and materials layer by layer, inspecting and managing abnormalities. The Audit Office under the company's Board of Directors formulates an audit plan every year to check compliance with rules and regulations and reduce the risk of unethical behavior. In addition, since internal audit is the responsibility of all employees, all units of the company also conduct self-assessment of internal control in January each year to facilitate the implementation of the spirit of internal control to all levels.	None.

Evaluation Item	Implementation Status [1]			Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
(5) Does the company regularly hold internal and external educational training on ethical management?	V		The company regularly conducts education and training related to ethical management to employees so that they can fully understand the company's determination, policies, prevention plans and the consequences of violations of unethical behavior.	None.
3. The implementation of the company's whistle-blowing system. (1) Has the company establish concrete whistle-blowing and reward system as well as accessible whistle-blowing channels? Does the company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?	V		The company has established the " Whistle-blowing Procedures of Unethical Behaviors" and " Guidelines to Employee Grievances" providing multiple reporting channels such as whistle-blowing mailboxes and whistle-blowing hotlines, assigning Audit Offices and Management Division of the company as the responsible units, and clearly stipulated reward systems.	None.
(2) Does the company establish standard operating procedures for whistle-blowing cases, follow-up measures and relevant system of confidentiality after the investigation?	V		The company's "Whistle-blowing Procedures of Unethical Behaviors" and "Guidelines to Employee Grievances" clearly stipulate the relevant standard operating procedures for following steps of cases, acceptance, investigation, closing and filing, and the above-mentioned rules stipulate that any unauthorized disclosure of the any details of the case, where on-going or not, is strictly forbidden and the entire proceedings shall remain confidential.	None.
(3) Does the company provide proper whistle-blower protection?	V		During and after an investigation, it is strictly forbidden to disclose any information to unauthorized parties. All information must be well-managed and archived according to confidential document procedures to ensure the informant does not experience any unjust treatment.	None.
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and	V		The company discloses its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" as well as other related	None.

Evaluation Item	Implementation Status [1]			Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
MOPS?			measures on its website and the TWSE's Market Observation Post System website.	
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. There has been no difference.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). (a) On August 11, 2020, the Board of Directors approved a proposal to amend the "Ethical Corporate Management Best Practice Principles," and designate The Office of the President as a responsible unit. (b) On November 13, 2020, the Board of Directors approved a proposal to formulate the "Procedures for Ethical Management and Guidelines for Conduct" and the "Whistle-blowing Procedures of Unethical Behaviors".				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.4.7 Corporate Governance Guidelines and Regulations

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

3.4.8 Other Important Information Regarding Corporate Governance

1. The company's website: http://www.ucctw.com.
2. The TWSE's Market Observation Post System website immediately reveals the company's major information at http://mops.twse.com.tw.

3.4.9 Implementing the internal control system

1. Statement of internal control

Universal Cement Corporation

Statement of Internal Controls

Date: 3/23/2021

With regards to results of the 2020 self-evaluation of the internal control system, we hereby declare as follows:

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

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

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

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

(5) In respect of the findings from the above evaluation, we believe the design and implementation of our Internal control system (Including the supervision and management of subsidiaries) by December 31, 2020 were effective to achieve the above goals in terms of the effectiveness and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.

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

(7) This statement of declaration was approved unanimously and without objection by the board meeting held on March 23, 2021 with the presence of all directors attended the meeting.

Universal Cement Corporation

Chairman: Signature/Seal

President: Signature/Seal

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

3.4.10 During the most recent fiscal year and the current fiscal year up to the date of printing of this annual report, any punishment occurred for the company and its employees violating laws, and any punishment, fault and improvement occurred for the company's employees against the regulations of Internal Audit System: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings as of the date of publication.

1. Shareholders' Meeting

Implementation of resolutions of 2020 Shareholder's Meeting,

Matters for Acknowledgement:

PROPOSITION 1: Acknowledging Operation Report, Individual Financial Report and Consolidated Financial Report of the company for the year of 2019.

RESOLUTION: The result of voting on this Proposition as follow, The number of shares presented: 579,238,583 shares. 502,230,157 shares voted FOR the proposition, including 72,719,818 voted online, representing 86.70% of share presented upon casting of votes. 71,946,447 shares voted AGAINST the proposition, including 24,970 shares voted online. 5,028,212 shares voted abstention, including 4,997,116 shares voted online. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

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

PROPOSITION 2: Acknowledging Distribution of Dividend for the year of 2019.

RESOLUTION: The result of voting on this Proposition as follow, the number of shares presented: 579,238,583 shares. 502,587,053 shares voted FOR the proposition, including 73,076,714 voted online, representing 86.76% of share presented upon casting of votes. 72,213,497 shares voted AGAINST the proposition, including 292,020 shares voted online. The share of void vote was 33,767. 4,404,266 shares voted abstention, including 4,373,170 shares voted online. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

IMPLEMENTATION: All dividend for the year of 2019 has been distributed on Aug. 12, 2020 at the rate of 1NTD per share.

Matters for Discussion I:

PROPOSITION 1: Amendment to Rules of Procedure for Shareholders' Meeting.

RESOLUTION: The result of voting on this Proposition as follow, The number of shares presented: 579,238,583 shares. 502,759,875 shares voted FOR the proposition, including 73,249,536 voted online, representing 86.79% of share presented upon casting of votes. 71,951,560 shares voted AGAINST the proposition, including 30,083 shares voted online. The share of void vote was 33,767. 4,493,381 shares voted abstention, including 4,462,285 shares voted online. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

IMPLEMENTATION: The amendment is effective as of the adoption by the Shareholders' meeting and will be announced on the website of MOPS and the company.

ELECTION

PROPOSITION：Appointment of Directors and Independent Director to the 23rd term of the Board.

RESULT：

List of Directors and Independent Directors appointed:

Position	Shareholder's ID / Personal ID	Name	Number of Share acquired.
Director	183777	Bo-Chih Investment Inc. Represented by: HOU, Bo-Yi	548,001,869
Director	182814	Sheng-Yuan Investment Inc. Represented by: HOU, Chih-Sheng	546,950,953
Director	183432	Yu-Sheng Investment Inc. Represented by: HOU, Chih-Yuan	546,795,122
Director	200313	Hsing-Han Investment Inc. Represented by: CHEN, Jing-Hsing	545,256,752
Independent Director	F1209*****	CHAN, Yi-Ren	442,674,941
Independent Director	A1205*****	HO, Yi-Da	442,674,941
Independent Director	A1211*****	WANG, Yong-Chun	504,449,640

Matters for Discussion II:

PROPOSITION 1: Waiver of Non-competition Restriction on Directors appointed for the 23rd Board of Directors and its representatives.

RESOLUTION: The result of voting on this Proposition as follow, The number of shares presented: 579,238,583 shares. 542,739,160 shares voted FOR the proposition, including 72,872,188 voted online, representing 93.69% of share presented upon casting of votes. 81,125 shares voted AGAINST the proposition, including 81,125 shares voted online. 36,418,2981 shares voted abstention, including 4,788,591 shares voted online. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

IMPLEMENTATION: The waiver is effective as of the adoption by the Shareholders' meeting and will be announced on the website of MOPS and the company.

2. Meeting of Board of the Directors

As of the publication of this Annual Report, the Board of Directors has convened 10 meetings since 2020 with summary of major resolutions as follow,

(1)The 22nd Board has adopted in its 16th meeting on May 12, 2020 the following, Proposal of Bonus to Directors and Employee for the year of 2019, Operation Report, Individual Financial Report and Consolidated Financial Report of the company for the year of

2019, Distribution of Dividend for the year of 2019, Call for 2020 Shareholders' Meeting, Election of 23rd Board of Directors, Independent Directors, Waiver of Non-competition Restriction on Directors appointed for the 23rd Board of Directors and its representatives, To Accept Proposal from Shareholders of Proposition for Shareholders' Meeting and Candidate of Directors, 2019 Statement on Internal Control, Loan of Funds to Subsidiary, Replacement of CPA, Evaluation of Independence and Qualification of the CPA, Amendment of "Rules of Procedure for Shareholders' Meeting" of the company, Amendment of "Ethical Corporate Management Best Practice Principles" of the company, Amendment of "Corporate Social Responsibility Best Practice Principles" of the company, Amendment of "Rules of Procedure for Board of Directors Meeting" of the company, Amendment of "Guideline of Management of the procedures for preparation of financial statements" of the company, Purchase of Insurance Policy for Liability of Directors and Managers of the company, Approval of Capital injection of subsidiary, Renewal of Employment on Consultant, Amendment of partial of "Article of Association" of the company, Approval of Fee of Engagement of CPA for Auditing of Financial Report,

(2)The 22nd Board has adopted in its 17th meeting on May 12, 2020 the following, Nomination of Candidates for Board of Directors and Independent Directors.

(3)The 22nd Board has adopted in its 18th meeting on May 12, 2020 the following, Review if Financial Report for First Quarter of 20202, Loan of Funds.

(4)The 23rd Board has adopted in its 1st meeting on June 15, 2020 the following, Appointment of the Chairman of the Board, Appointment of Members of the Auditing Committee.

(5)The 23rd Board has adopted in its 2nd meeting on June 30, 2020 the following, Appointment of Chief Strategy Officer, President, Executive Vice President, Promotion of Management, Appointment of Members of the Remuneration Committee, Waiver of Non-competition restriction on Managers, Authorization to Chairman for deciding record date for distribution of dividend and the date of distribution.

(6)The 23rd Board has adopted in its 3rd meeting on July 9, 2020 the following, Compensation for Chief Strategy Officer, President, Executive Vice President, Compensation for Chairman and Directors of the Board, Compensation for Independent Directors and Members of Auditing Committee.

(7)The 23rd Board has adopted in its 4th meeting on Aug. 11, 2020 the following, Review of Consolidated Financial Report for First Two Quarter of 2020, Loan of Funds to Subsidiary, Appointment of Chief Officer of Corporate Governance, Amendment of "Rules of Procedure of Board of Directors Meeting" of the company, Amendment of "Self-Evaluation or Peer Evaluation of the Board of Directors" of the company, Amendment of "Rules Governing the Scope of Powers of Independent Directors" of the company, Amendment of "Corporate Social Responsibility Best Practice Principles" of the company, Amendment of "Ethical Corporate Management Best Practice Principles" of the company.

(8)The 23rd Board has adopted in its 5th meeting on Nov. 13, 2020 the following, Internal Audit Plan for the year of 2021, Amendment to guidelines for internal control operation and accounting systems, Adoption of "Procedures for Ethical Management and Guidelines for Conduct" of the company, Adoption of "Procedures for Ethical

Management and Guidelines for Conduct" of the company, Adoption of "Guidelines on Report of Unethical Conducts".

(9) The 23rd Board has adopted in its 6th meeting on Feb. 3, 2021 the following, Appointment of Shareholders' Service Agent.

(10) The 23rd Board has adopted in its 7th meeting on Mar. 23, 2021 the following, Proposal of Bonus to Directors and Employee for the year of 2020, Operation Report, Individual Financial Report and Consolidated Financial Report of the company for the year of 2020, Distribution of Dividend for the year of 2020, Call for 2021 Shareholders' Meeting, 2020 Statement on Internal Control, Loan of Funds to Subsidiary, Replacement of CPA, Evaluation of Independence and Qualification of the CPA, Amendment of "Rules of Procedure for Shareholders' Meeting" of the company, Amendment of "Audit Committee Charter" of the company, Amendment of "Remuneration Committee Charter" of the company, Amendment of "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the company, Amendment of "Rules Internal Control Systems" and "Internal Audit Implementation Rules" of the company, Purchase of Insurance Policy for Liability of Directors and Managers of the company, Approval of Fee of Engagement of CPA for Auditing of Financial Report, Amendment of "Ethical Corporate Management Best Practice Principles" of the company.

3.4.12 As of the date of publication, dissenting opinion against resolutions of the Board of Directors meeting made by Directors with record or by submission in writing and its content

Meeting Date	Resolution Involved	Directors with Dissenting Opinion	Actions by the company
June 30, 2020	Appointment of Members of the Remuneration Committee	Mr. WANG, Yong-Chun, Independent Director	To announce on MOPS website pursuant to relevant regulations.
July 9, 2020	Compensation for Chief Strategy Officer, President, Executive Vice President	Mr. WANG, Yong-Chun, Independent Director	To announce on MOPS website pursuant to relevant regulations.
Aug. 11, 2020	Loan of Funds to Subsidiary	Mr. WANG, Yong-Chun, Independent Director	To announce on MOPS website pursuant to relevant regulations.

3.4.13 As of the date of publication, resignation or dismissal of the Chairman, General Manager, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief Research and Development Officer

Position	Name	Date of Appointment	Date of Dismissal	Reason of Dismissal or Resignation
President	HOU, Bo-Yi	Dec. 02, 2008	July 1, 2020	End of Term

3.5 Information of CPA Service Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Chao-qin Yang Lee Yuan Kuo	2,340	-	-	-	180	180	01.01.2020～12.31.2020	Others including -Transfer Pricing report

3.5.1 Amount of non-audit fees paid to a CPA, a CPA firm, and its affiliates above a quarter of the audit fee: NA.
3.5.2 The audit fee of the year is less than that of the previous years after changing CPA firm: NA.
3.5.3 The audit fee is less than that of the previous year by over 10%: NA.

3.6 Replacement of certified public accountants:

The company commissioned Deloitte & Touche-Taiwan to audit the financial statements. Due to internal adjustments and maintain the independence of the accountant, the audit has been commissioned from CPA Hong Ru Liao and Chao Chin Yang to CPA Chao Chin Yang and Lee Yuan Kuo since 2020Q1；the audit has been commissioned from CPA Chao Chin Yang and Lee Yuan Kuo to CPA Chao Chin Yang and Chi Chen Lee since 2021Q1.

3.7 The chairman, president and/or managerial officers in charge of finance or accounting served at the firm(s) or affiliate(s) of the auditing CPAs in the preceding year: NA.

3.8 Equity transfers and changes or pledge of equity interests by directors, supervisors, managers, and major shareholders holding more than 10% of the shares in last fiscal year and up to the date of publication of this annual report

3.8.1 Chang in equity interests of the Directors, Managers and Major Shareholders.

Position	Name	Year of 2020		As of Apr. 30 of 2021	
		Chang in share held	Change in share pledged	Chang in share held	Change in share pledged
Chairman	Bo-Chih Investment Co., Ltd.	-	-	-	-
	Bo-Chih Investment Co., Ltd. Represented by: HOU, Bo-Yi	-	-	-	-
Director	Sheng Yuan Investment Co., Ltd.	-	-	-	-
	Sheng Yuan Investment Co., Ltd. Represented by: HOU, Chih-Sheng	-	-	-	-
Director	Yu-Sheng Investment Co., Ltd.	-	-	-	-
	Yu-Sheng Investment Co., Ltd. Represented by: HOU, Chih-Yuan	-	-	-	-
Director	Hsin-Han Investment Co., Ltd.	185,000	-	-	-
	Hsin-Han Investment Co., Ltd. Represented by: CHEN, Jing-Hsing	364,000	-	-	-
Independent Director	CHAN, Yi-Jen	-	-	-	-
Independent Director	HO, Yi-Da	-	-	-	-
Independent Director	WANG, Yong-Chun	-	-	-	-

Position	Name	Year of 2020		As of Apr. 30 of 2021	
		Chang in share held	Change in share pledged	Chang in share held	Change in share pledged
Chief Strategy officer	HOU, Bo-Yi	-	-	-	-
President	HOU, Chih-Sheng	-	-	-	-
Executive Vice President	HOU, Chih-Yuan	-	-	-	-
Vice President, Building Material Division	CHANG, Ching-Tse	-	-	-	-
Supervisor, Ready-Mixed Concrete Division	CHOU, Shih-Kuei	-	-	-	-
Assistant Vice President	CHAN, Chih-Hong	-	-	-	-
Vice President, Finance Division (Chief Financial Officer)	YANG, Tsung-Jen	-	-	-	-
Director (Chief of Accounting)	TSENG, Pei-Hsin	-	-	-	-

3.8.2 Where the counterparty in any transfer of equity interests is a related party. None.

3.8.3 Where the counterparty in any pledge of equity interests is a related party. None.

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

Disclosure of Top Ten Shareholders and relationships among which.

2021.04.30

Name	Shares held by the individual		Shares held by spouse and underage children		Total shares held in names of third parties		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Remark
	Share held	Ratio	Share held	Ratio	Share held	Ratio	Name	Relation	
Sheng-Yuan Investment Co., Ltd.	65,255,811	9.98%	-	-	0	0%	Bo-Chih Investment Co., Ltd.	Same Chairman	
Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi	50,888,251	7.79%	22,393,735	3.43%	0	0%	HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Same Individual	
							HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	Spouse	
							HOU, Bo-Yu	Siblings	
Yu-Sheng Investment Co., Ltd.	64,532,037	9.87%	-	-	0	0%	Bo-Chih Investment Co., Ltd.	Same Director	
Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	22,393,735	3.43%	50,888,251	7.79%	0	0%	HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Spouse	
HOU, Bo-Yi	50,888,251	7.79%	22,393,735	3.43%	0	0%	Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Same Individual	
							HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	Spouse	
							HOU, Bo-Yu	Siblings	
HSBC custodian Pictet investment accounts	38,867,405	5.95%	-	-	0	0%	None	None	
Bo-Chih Investment Co., Ltd.	27,893,282	4.27%	-	-	0	0%	Sheng-Yuan Investment Co., Ltd.	Same Chairman	
Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	50,888,251	7.79%	22,393,735	3.43%	0	0%	HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi	Same Individual	
							HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	Spouse	
							HOU, Bo-Yu	Siblings	
HOU SU, Ching-Chieh	22,393,735	3.43%	50,888,251	7.79%	0	0%	Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	Same Individual	
							HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Spouse	
Long-Yi-Chang Sand & Stone Co., Ltd.	20,808,243	3.18%	-	-	0	0%	None	None	
Representative of Long-Yi-Chang Sand & Stone Co., Ltd.: Yang, Chin-Song	2,225,447	0.34%	-	-	0	0%	None	None	
Standard Chartered custodian DBS Bank 0600049662	20,221,281	3.09%	-	-	0	0%	None	None	
HOU, Bo-Yu	17,113,105	2.62%	-	-	0	0%	HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Siblings	
T.H. Wu Foundation	11,670,151	1.79%	-	-	0	0%	None	None	

3.10 The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company

2020.12.31 (expressed in shares and %)

Investment business (Note 1)	Shareholding of the company		Shareholding of directors and supervisors, and managers or investees under direct or indirect control		Syndicated Shareholdings	
	Shares	Percentage	Shares	Percentage	Shares	Percentage
Universal Investment corporation.	32,200,000	100	-	-	32,200,000	100.00
Kaohsiung Pier Transport Company.	7,560,000	100	-	-	7,560,000	100.00
Universal Ready-mixed Concrete Industrial Corporation.	7,567,546	57.19	115,494	0.87	7,683,040	58.06
Chiayi Ready-mixed Concrete Industrial	2,252,378	86.63	361	0.01	2,252,739	86.64
Tainan Ready-mixed Concrete Industrial	1,145,000	38.17	10,000	0.33	1,155,000	38.50
Lioho Machine Works Ltd.	89,581,468	29.86	1,680	-	89,583,148	29.86
Huanchung Cement International	6,999,333	69.99	667	0.01	7,000,000	70.00
Uneo Incorporated.	6,000,000	100	-	-	6,000,000	100.00
LI YONG Development Co., Ltd.	2,000,000	100	-	-	2,000,000	100.00

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

IV. Capital and Share

4.1 Capital and Share

4.1.1 Source of Capital

Unit: NTD

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

Note1: Jing-Shou-Shang Order No. 09701211070
Note2: Jing-Shou-Shang Order No. 10301159730
Note3: Jing-Shou-Shang Order No. 10401165930
Note4: Jing-Shou-Shang Order No. 10501195270
Note5: Jing-Shou-Shang Order No. 10601111250

Category of Share	Authorized Share			Remark
	Outstanding Share	Unissued Share	Total	
Common Share	653,609,192 shares	0 share	653,609,192 shares	

Information on the shelf registration system: None.

4.1.2 Structure of Shareholders

2021.04.30

Type of Shareholders	Government Agencies	Financial Institution	Other Institutional Investor	Individual	Foreign Institution and Natural Person	Total
Number	1	15	153	48,958	168	49,295
Share held	38	5,741,587	245,527,351	323,253,193	79,087,023	653,609,192
Ratio of share held	-	0.88%	37.56%	49.46%	12.10%	100.00%

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

1. Common Share

2021.04.30

Categories (Share)	Number of Shareholders	Total of Share held	Ratio
1 to 999	26,597	5,783,786	0.88%
1,000 to 5,000	16,850	37,585,290	5.75%
5,001 to 10,000	2,981	23,285,945	3.56%
10,001 to 15,000	852	10,459,617	1.60%
15,001 to 20,000	563	10,250,571	1.57%
20,001 to 30,000	508	12,594,882	1.93%
30,001 to 50,000	401	16,100,317	2.46%
50,001 to 100,000	249	17,938,642	2.74%
100,001 to 200,000	135	19,199,773	2.94%
200,001 to 400,000	59	16,528,394	2.53%
400,001 to 600,000	31	14,986,483	2.29%
600,001 to 800,000	15	10,307,668	1.58%
800,001 to 1,000,000	7	6,587,384	1.01%
1,000,001 and above	47	452,000,440	69.15%
Total	49,295	653,609,192	100.00%

2. Special Stock: None.

4.1.4 List of Major Shareholders

Name of Major Shareholder	Share held	Ratio
Sheng-Yuan Investment Co., Ltd.	65,255,811	9.98%
Yu-Sheng Investment Co., Ltd.	64,532,037	9.87%
HOU, Bo-Yi	50,888,251	7.79%
HSBC custodian Pictet investment accounts	38,867,405	5.95%
Bo-Chih Investment Co., Ltd.	27,893,282	4.27%
HOU SU, Ching-Chieh	22,393,735	3.43%
Long-Yi-Chang Sand & Stone Co., Ltd.	20,808,243	3.18%
Standard Chartered custodian DBS Bank 0600049662	20,221,281	3.09%
HOU, Bo-Yu	17,113,105	2.62%
T.H. Wu Foundation	11,670,151	1.79%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$/thousand shares

Items	2020	2019	01/01/2021 -03/31/2021
Market Price per Share			
Highest Market Price	24.45	20.20	23.80
Lowest Market Price	13.65	18.50	20.5
Average Market Price	19.51	19.21	21.84
Net Worth per Share			
Before Distribution	28.54	27.51	Note 5
After Distribution	-	26.51	-
Earnings per Share			
Weighted Average Shares (thousand shares)	653,609	653,609	653,609
Diluted Earnings Per Share	1.91	1.74	Note 5
Adjusted Diluted Earnings Per Share	-	-	-
Dividends per Share			
Cash Dividends	1.1(Note 4)	1	-
Stock Dividends			
• Dividends from Retained Earnings	-	-	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 1)	10.21	11.04	-
Price / Dividend Ratio (Note 2)	17.74	19.21	-
Cash Dividend Yield Rate (Note 3)	5.64%	5.21%	-

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
Note 4: The resolution is finalized after the shareholders' meeting.
Note 5: As of the publication date of the annual report, the financial information for the current year ended March 31, 2021 has not been reviewed by an accountant.

4.1.6 Dividend Policy and Implementation thereof

1. Dividend Policy of the company

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

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

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

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

The company is currently located at a steady cycle of growth whereas the high technology industry is located at the developing cycle. In consideration of the company's future demand of funds and long-term financial planning, the dividend shall all be distributed in cash. The company may decide to distribute the reserve in both cash and stock for fiscal year during which the demand for fund is considered whereas stock dividend shall not exceed 50% of total dividend.

Shareholders' Meeting may adopted to adjust distribution ratio stipulate above by considering the profitability and demand for funds of the company. The dividend distributed for last three fiscal year has accounted for no less than 50% of the distributable earnings.

2. Implementation

Form of Dividend / Year	Cash Dividend	Stock Dividend (Cash equivalent)
2016	1.2	0.3
2017	1.1	0
2018	1.0	0
2019	1.0	0
2020	To be adopted by Shareholders' Meeting	

Dividend for year of 2019 has been distributed on Aug. 12, 2020. Dividend for year of 2020 shall be adopted by 2021 Shareholders' Meeting. The record date shall be decided after the adoption of proposition.

3. The proposition of distribution of reserve for 2020 is as follow:

Item	Amount
Unappropriated Retained Earnings of Previous Years	4,682,741,806
Minus: Changes in recognition of associates accounted for using equity method	(7,265,412)
Minus: Disposal of equity instrument at fair value through other comprehensive income	(84,237,883)
Plus: Net Profit of 2020 after tax	1,247,252,048
Minus: Setting aside of legal reserve	(115,574,875)
Earnings available for distribution	5,722,915,684
Distribution of:	
Dividend (NTD 1.1 in cash per share)	718,970,111
Unappropriated Retained Earnings for year ended in 2020	5,003,945,573

4.1.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: The company proposes to distribute dividend in cash for year of 2020 and there for no disclose under this section is required.

4.1.8 Compensation of employees, directors, and supervisors:

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

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

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

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period：Any difference between the estimate and the actual distribution of compensation for employee and directors, bonus in stock for the year of 2020 shall be regarded as changes in accounting estimates and be treated as profit or loss of 2021.

3. Information on any approval by the board of directors of distribution of

compensation:

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

The Board of Directors has resolved on Mar. 23, 2021 to distribute compensation of NTD 22,945,855 in cash for employee and same amount for directors. The amount matches the estimate of record for year of 2020.

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

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

	Amount Distributed	Amount Estimated	Difference
Compensation for Employee	20,859,864	20,859,864	0
Compensation for Directors	20,859,864	20,859,864	0

4.1.9 Status of a company repurchasing its own shares: None.

4.2 Information on the company’s issuance of corporate bonds: None.

4.3 Information on the company’s issuance of preferred shares: None.

4.4 Information on the company’s issuance of global depository receipts: None.

4.5 Information on employee share subscription warrants and new restricted employee shares: None.

4.6 New shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

4.7 Implementation of the company's capital allocation plans: Not applicable as the company did not offer or issue securities by shelf registration.

V. Operational Highlights

5.1 Business

5.1.1 Business Scope

A. Main areas of business operations

   a. Manufacturing, sales and transportation of Cement.

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

   c. Manufacturing and distribution of fire-resistant material.

   d. Indoor light steel framing.

   e. Retail of Building Materials.

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

   g. Manufacturing and sales of electronic components.

   h. Wholesale of electronic materials.

   i. Manufacturing and sales of Computer and peripheral equipment.

   j. Waste disposal industry.

B. Distribution of Revenue among products sectors

Cement	RMC	Gypsum board
24%	62%	14%

C. Main products

   a. Cement.

   b. RMC.

   c. Gypsum board.

   d. Other building materials.

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

D. New products development

   a. Various innovative performance building materials.

   b. New type of pressure sensor.

5.1.2 Industry Overview

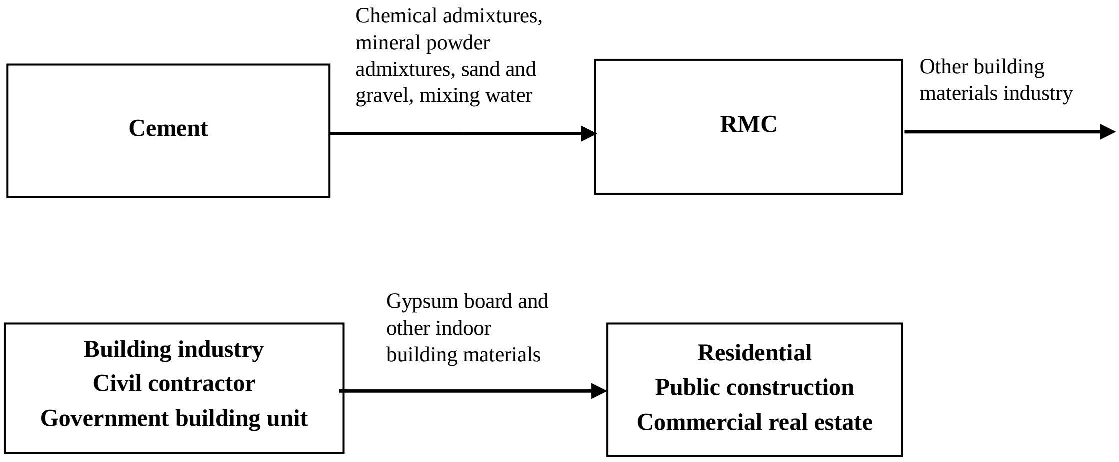
A. Status and Future Development

The cement, ready-mixed concrete and gypsum boards produced by the company are basic building materials and the company is the main raw material supplier in Taiwan's construction industry. In 2020, the government promotes Forward-looking Infrastructure Development Program to drive public projects; and enterprises actively invest in new factories and offices. The Chief Accounting Office of the Executive Yuan has calculated that the total floor area of the buildings and construction licenses approved and issued is 41.52 million square meters with an increase of 12.43% from 2019. The overall demand for the industry remains exuberant.

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

B. Illustration of the supply chain of the industry

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



C. Product Development Trends and Competitions

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

5.1.3 Research and Development

A. Continue to expand the application of gypsum board and develop gypsum board systems for roofs and floors.

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

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

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

E. The R&D expenditures and budget of all companies in the financial report for 2019 to 2021 are as follow,

Year	2021 (Budget)	2020	2019
R&D Expenditure(in ‘000 NTD)	65,028	69,195	68,691
Ration to revenue	1.4%	1.5%	1.6%

Note: expenditure for 2020 and 2019 are audited by CPA.

5.1.4 Long-term and Short-term Development

A. Short-term Development Plan

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

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

c. Pressure Sensor: Developing new type of pressure sensor and using pressure sensor module applies to medical monitoring management and smart warehouse business markets. At the meantime, searching multiple opportunities and making best efforts to collaborate with semiconductor companies in Taiwan and provide our clients the measuring instruments for their equipment improvement.

B. Long-term Development Plan

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

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

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

d. Pressure Sensor: Company development strategies are providing completed standard products as totally solutions, and are cooperating with distributors to expand markets in China and across overseas countries

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Sales (Service) Region of Major Products

a. Cement: Sales area covers the western half of Taiwan.

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

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

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

B. Market Share of Major Products

Cement	Gypsum board
3.39%	90.01%

RMC		
Tainan	Kaohsiung	Pingtung
19.95%	19.10%	32.66%

C. Future Growth of Major Products

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

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

D. Competitive Niche

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

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

Favorable Factors for Industry:

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

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

c. The company’s long-term management for good quality, service, and making progress in product performances is deeply recognized by customers.

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

Unfavorable Factors for Industry:

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

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

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

Countermeasures for Unfavorable Factors:

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

b. Encourage employees to develop diverse skills and perform job rotations in a timely and appropriate manner to deploy human resources flexibly.

c. Set up a new gypsum board factory in Luzhu, Kaohsiung, to raise production efficiency.

5.2.2 Production Procedures of Main Products

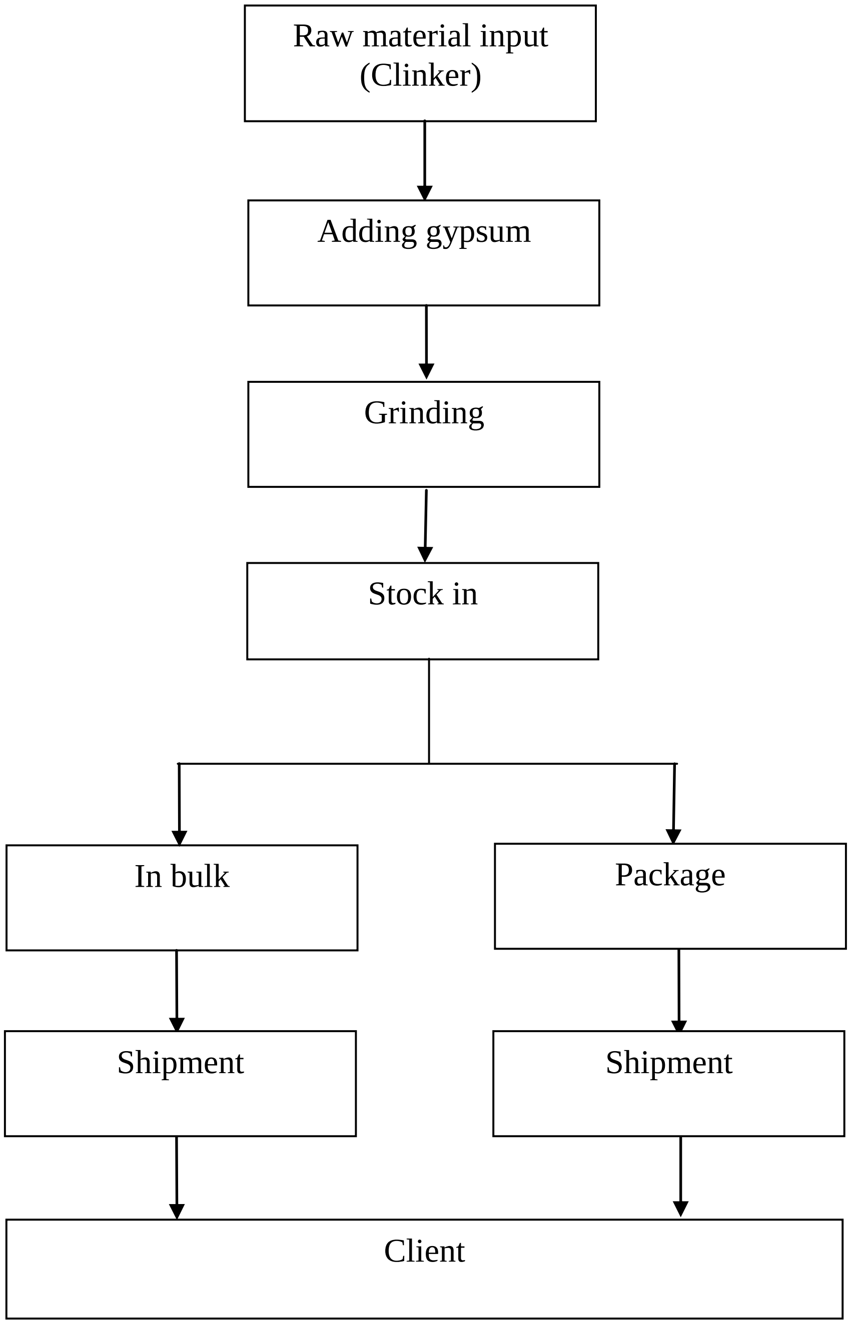
A. Major Products and Their Main Uses

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

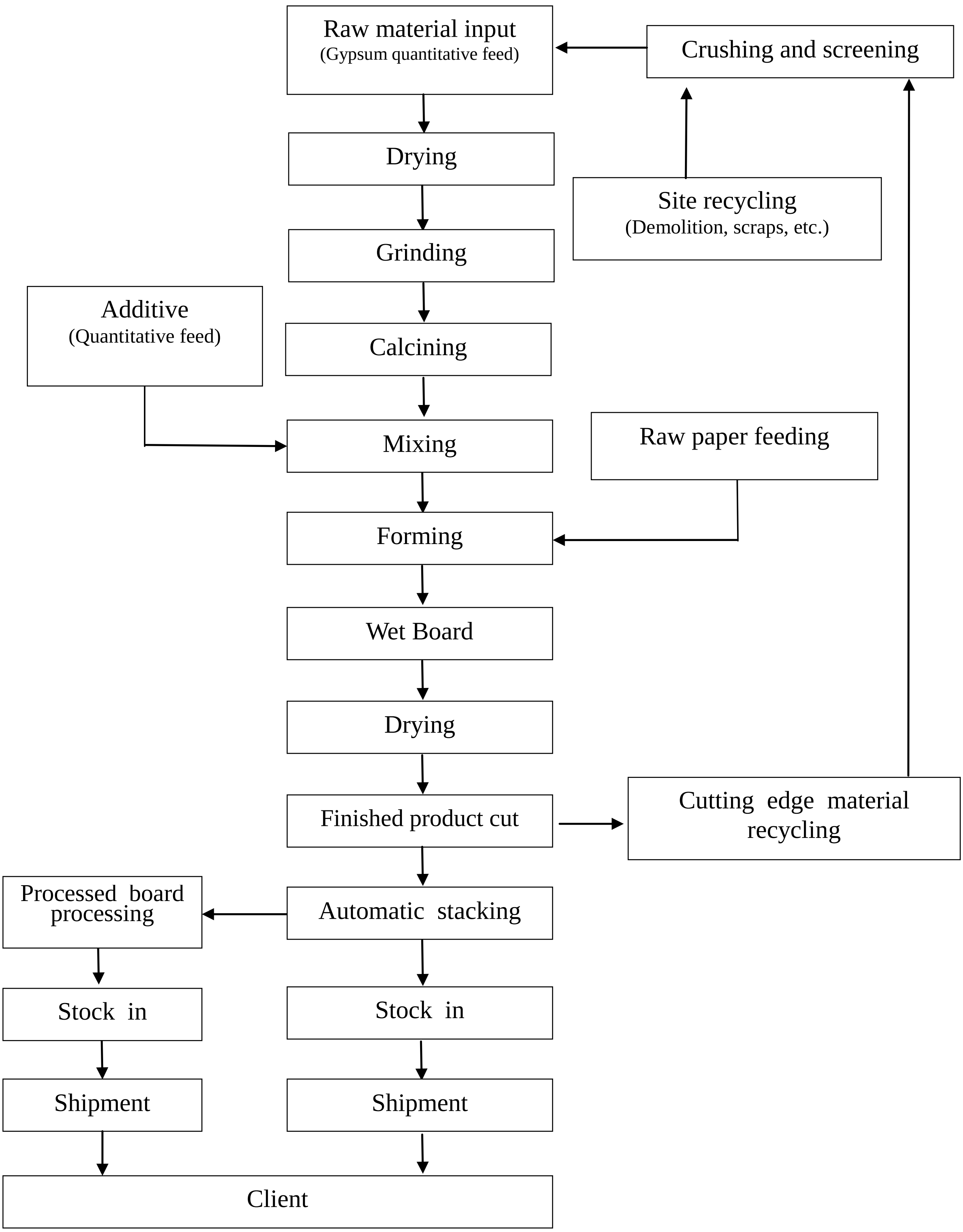
b. Pressure Sensor: Apply to stylus, industrial and semiconductor equipment, pressure distribution measuring instruments, smart healthcare monitoring, medical beds, etc.

B. Major Products and Their Production Processes

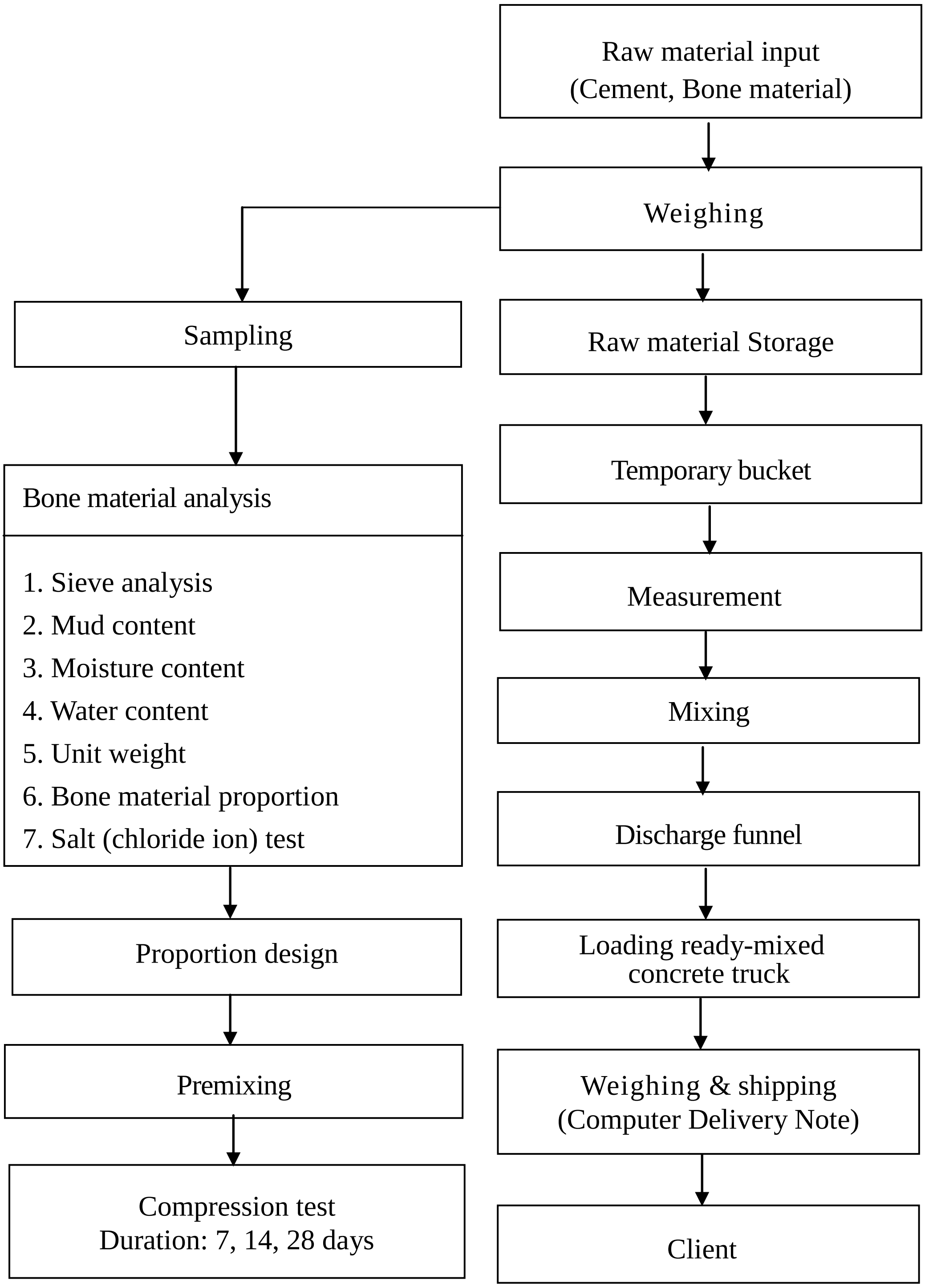
a. The company's cement production process



b. The company's gypsum board production process



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



5.2.3 Supply Status of Main Materials

Materials / Item	Clinker	Gravel	Gypsum		Raw paper
			Natural	Desulfurization	
Monthly requirement（tons）	30,000	260,000	2,000	8,000	390
Safety stock（days）	30	30	30	60	60

5.2.4 Major Suppliers and Clients

A. Major Suppliers in the Last Two Calendar Years

Unit: NT$ thousands

Item	2020				2019				2021 (As of March 31) Note 1			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	The Taiwan Cement Corporation	1,389,141	37%	-	The Taiwan Cement Corporation	1,257,633	39%	-	-	-	-	-

Note 1: As of the publication date of the annual report, the consolidated financial information as of March 31, 2021 has not been reviewed by accountant.

B. Major Clients in the Last Two Calendar Years

Unit: NT$ thousands

Item	2020				2019				2021 (As of March 31) Note 1			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Hung Hsin Building Mate rials Co.,Ltd	525,912	10%	-	Hung Hsin Building Mate rials Co.,Ltd	514,792	10%	-	458,744	9%	-	-

Note 1: As of the publication date of the annual report, the consolidated financial information as of March 31, 2021 has not been reviewed by accountant.

5.2.5 Production in the Last Two Years

Unit: NT$ thousands

Year / Production / Major Products (or by department)	2020			2019		
	Capacity	Production	Value of Production	Capacity	Quantity	Amount
Cement	800,000(t)	411,700(t)	644,560	800,000(t)	400,400(t)	607,534
Ready-mixed concrete	2,448,000(M^3)	1,577,266(M^3)	2,586,702	2,448,000(M^3)	1,541,255(M^3)	2,496,071
Gypsum board	20,000,000(M^2)	13,957,821(M^2)	439,682	20,000,000(M^2)	16,990,149(M^2)	523,176
Other			22,669			27,148
Individual production value	-	-	3,693,613	-	-	3,653,929
Consolidated production value	-	-	(Note1) 3,975,173	-	-	(Note1) 3,927,325

Note 1: Including Uneo Incorporated and Universal Concrete Industrial Corporation (Excluding Huanchung Cement International Corporation as the trading business, Kaohsiung Harbor Transport Company as the dispatch and transportation industry, and the remaining subsidiaries as the holding and investment industry).

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT$ thousands

Year / Shipments & Sales / Major Products (or by departments)	2020				2019			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue
Cement	(Note 1) 283,486(t)	685,331	-	-	(Note 2) 269,996(t)	652,036	-	-
Ready-mixed concrete	1,577,266(M^3)	3,057,455	-	-	1,541,255(M^3)	2,612,369	-	-
Gypsum board	12,820,290(M^2)	710,182	1,028,755 (M^2)	33,252	15,447,997(M^2)	830,524	1,196,133 (M^2)	37,906
Other	-	10,296	-	-	-	16,301	-	-
Individual sales value	-	4,463,264	-	32,252	-	4,111,230	-	37,906
Consolidated sales value	-	5,389,381	-	36,836	-	4,957,488	-	48,243

Note 1：Cement sales did not include self-use cement 126,993 (t) in 2020.

Note 2：Cement sales did not include self-use cement 128,325 (t) in 2019.

5.3 The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels

<u>The information of employees for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report</u>

Duration of Report		2019	2020	Till Apr. 30, 2021
Number of Employee	Total	408	432	430
Age in Average		45.69	43.28	43.25
Seniority in Average		11.14	11.12	11.11
Education level	Ph. D	0.73%	0.69%	0.69%
	Master	7.86%	7.65%	7.65%
	Bachelor	58.12%	58.15%	58.52%
	High School	31.02%	30.96%	30.59%
	Below	2.27%	2.55%	2.55%

5.4 Environmental Expenditure

During the most recent fiscal year and the current fiscal year up to the printing date of the annual report, the loss (including compensation) and penalty resulted from environmental pollution:

Unit	Description of Violation	Date of Sanction	Reference of Sanction Order	Content of Regulation Violated	Sanction	Countermeasures and estimated amount for fine in the future
Chao-Zhou RMC Plant	Breach in the wasted water process system, wasted water leaked to the surface of the water body.	Jan.20, 2020	Ping-tung County Government Huan Cha No. 10930125600-1 Order	The said leakage was in violation against section 1 of Article 28 of Water Pollution Control Act while no immediate actions was taken to eliminate such leakage per same regulation. The authority therefore sanctions the plant pursuant to section 2 of Article 51 and Article 66-1 of the same act.	Fine of NTD 73,500 and participation of mandatory environmental seminar for 2 hours.	Water barrier was built at the end of the pipe, timer and suction pump was installed to prevent the leaking of wasted water. Routine patrol over the pipe system was implemented.
Yeun Kung RMC Plant	1. Stocking Pile are piling up with material with height 1.25 time higher than barrier wall. 2. Color difference on the ground due to RMC used for the ground and subsequently cause the dust. 3. Color difference on ground outside of the plant caused by unclean tire on the vehicle. .	Feb. 05, 2020	Huan Kong Gu Cai Zi No. 109030074 Sanction Order	This is third violation of Sec. 2 of Art. 23, Air Pollution Control Act which provides "*The central competent authority shall determine management regulations for the specifications, installation, operation, inspection, service, record and other binding matters for stationary pollution sources and their air pollutant collection facilities, control facilities and monitoring facilities*." As well as Sec. 1, Art. 4, Management Regulations for Facilities to Control Fugitive Dust Air Pollution from Stationary Pollution Sources, which stipulates the types of pollutant regulated, and Sec. 2 and Sec. 3, Art. 6 of the same Regulation which reads "*A public or private premise using vehicles to transport fugitive dust shall establish or adopt the following facilities to effectively suppress the fugitive emission of particulate pollutants: ... II. Routes and spaces within public or private premises where transport vehicles may pass must be paved with concrete, asphaltic concrete, or steel plates, and may not have a color difference from the road. However, such spaces may be covered with coarse grade aggregate or particulate matter when they are located in piling areas or mine or quarry areas, and sprayed with water during operating period to keep the surface moist. ; III. The vehicle body and tires of such a transport vehicle must be washed using pressurized washing equipment before the vehicle leaves the public or private premise, and no fugitive particulate pollutants may adhere to the surface of the vehicle. The entrance and road surface extending 10 m beyond the entrance of a public or private premise may not have fugitive particulate pollutants carried by transport vehicles. In the case of the applicable targets listed under serial number 1-5 in Attached Table 1, automatic vehicle washing equipment must be installed at transport vehicle entrances and exits; the specifications of such automatic vehicle washing equipment are given in Attached Table 2.*" Pursuant to Sec. 1, Art. 62 of the same regulation, as well as Sec. 1, Art. 3 of Guideline on Sanction Against Violation of Air Pollution Control Act in Public or Private Domain, the sanction is so advised.	Fine of NTD 300,000 and participation of mandatory environmental seminar for 4 hours.	1. Notice given to the supplier of aggregate regarding the height of stock pile of the aggregate. 2. Increase the frequency of sprinkle of water to prevent flying dust. 3. Vehicle cleaning platform is installed within premises on Feb. 28, 2020. All vehicle is required to proceed to the platform for cleaning before departure.

5.5 Labor Relations

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

1. Employee Benefit:

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

2. Advanced Studies:

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

3. Training:

   Training for new employee,

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

   On-job Training,

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

4. Retirement:

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

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

5. Other important agreement:

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

5.5.2 In the most recent year and up to the date of publication of the annual report, losses suffered due to labor disputes: Not applicable.

5.6 Material Contract

Type	Contracting Party	Contracting Period	Desc	Restriction Clause
Leasing Agreement	Feng-Li Enterprise Inc.	2015.09.01~2022.08.31	Leasing of Fengshan RMC Plant	None
Leasing Agreement	International Textile Co. Ltd.	2018.10.11~2021.10.10	Leasing of Yeun Kung RMC Plant	None
Leasing Agreement	Tai-Nan Ready-mixed Concrete Inc.	2016.09.01~2021.08.31	Leasing of Tai-Nan RMC Plant	None
Leasing Agreement	Universal Real Estate Development Inc.	2017.08.01~2022.07.31	Leasing of office space in San-Lien Building	None
Leasing Agreement	Global Town Business Center Inc.	2019.04.01~2029.06.31	Leasing of office space in San-Lien Building	None
Leasing Agreement	Hao-Chun Enterprise Inc.	2020.09.01~2024.08.31	Leasing of plot of Ling Feng Ying	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years(Note 1)					2021 (As of March 31) (Note 2)
		2020	2019	2018	2017	2016	
Current assets		4,391,640	4,267,262	4,058,612	3,863,038	3,644,849	
Property, Plant and Equipment		6,680,071	6,180,847	6,050,677	5,902,802	5,718,489	
Intangible assets		8,075	7,854	8,548	8,400	9,104	
Other assets(Note 3)		13,023,150	12,945,970	12,458,735	11,454,968	10,974,708	
Total assets		24,102,936	23,401,933	22,576,572	21,229,208	20,347,150	
Current liabilities	Before distribution	3,795,424	3,831,854	3,435,479	2,730,633	2,569,341	
	After distribution	(Note 4)	4,485,463	4,089,088	3,449,603	3,330,827	
Non-current liabilities		1,522,159	1,467,033	1,311,820	1,343,814	1,381,686	
Total liabilities	Before distribution	5,317,583	5,298,887	4,747,299	4,074,447	3,951,027	
	After distribution	(Note 4)	5,952,496	5,400,908	4,793,417	4,712,513	
Shareholders' Equity attributable to the parent company		18,656,227	17,983,457	17,715,321	17,036,903	16,264,603	
Paid-in Capital		6,536,092	6,536,092	6,536,092	6,536,092	6,345,720	
Capital surplus		65,822	41,430	41,265	46,951	47,112	
Retained earnings	Before distribution	11,515,783	11,013,644	10,562,324	10,109,852	9,650,044	
	After distribution	(Note 4)	10,360,035	9,908,715	9,390,882	8,888,558	
Other equity		538,530	392,291	575,640	344,008	221,727	
Treasury stock		-	-	-	-	-	
Non-controlling interest		129,126	119,589	113,952	117,858	131,520	
Total equity	Before distribution	18,785,353	18,103,046	17,829,273	17,154,761	16,396,123	
	After distribution	(Note 4)	17,449,437	17,175,664	16,435,791	15,634,637	

Note 1: The financial information has been audited and certified by CPAs.
Note 2: As of the publication date of the annual report, the consolidated financial information as of March 31, 2021 has not been reviewed by accountant.
Note 3: Including financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using equity method, right - of - use assets, investment properties, deferred tax assets, prepayments for equipment and other non-current assets.
Note 4:The proposal on 2020 profit distribution is pending ratification by the AGM.

B. Individual Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years(Note 1)				
		2020	2019	2018	2017	2016
Current assets		3,496,309	3,474,856	3,285,678	3,120,241	2,962,935
Property, Plant and Equipment		6,414,931	5,920,949	5,474,006	5,324,620	5,117,559
Intangible assets		7,611	7,452	7,873	7,604	8,045
Other assets(Note 2)		13,110,276	13,020,770	13,011,495	12,047,983	11,565,605
Total assets		23,029,127	22,424,027	21,779,052	20,500,448	19,654,144
Current liabilities	Before distribution	3,198,586	3,240,529	2,853,848	2,224,308	2,120,100
	After distribution	(Note 3)	3,894,138	3,507,457	2,943,278	2,881,586
Non-current liabilities		1,174,314	1,200,041	1,209,883	1,239,237	1,269,441
Total liabilities	Before distribution	4,372,900	4,440,570	4,063,731	3,463,545	3,389,541
	After distribution	(Note 3)	5,094,179	4,717,340	4,182,515	4,151,027
Paid-in capital		6,536,092	6,536,092	6,536,092	6,536,092	6,345,720
Capital surplus		65,822	41,430	41,265	46,951	47,112
Retained earnings	Before distribution	11,515,783	11,013,644	10,562,324	10,109,852	9,650,044
	After distribution	(Note 3)	10,360,035	9,908,715	9,390,882	8,888,558
Other equity		538,530	392,291	575,640	344,008	221,727
Treasury stock		-	-	-	-	-
Total equity	Before distribution	18,656,227	17,983,457	17,715,321	17,036,903	16,264,603
	After distribution	(Note 3)	17,329,848	17,061,712	16,317,933	15,503,117

Note 1: The financial information has been audited and certified by CPAs.
Note 2: Including financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using equity method, right - of - use assets, investment properties, deferred tax assets, prepayments for equipment and other non-current assets.
Note 3: The proposal on 2020 profit distribution is pending ratification by the AGM.

6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

A. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Item \ Year	Financial Summary for The Last Five Years (Note 1)					2021 (As of March 31) (Note 2)
	2020	2019	2018	2017	2016	
Operating revenue	5,426,217	5,005,731	4,780,994	4,405,376	4,622,199	
Gross profit	907,031	586,765	571,082	537,908	642,305	
Profit /loss from operations	493,142	170,895	182,646	150,227	266,461	
Non-operating income and expenses	804,372	1,027,783	945,220	1,274,987	1,512,061	
Profit before tax	1,297,514	1,198,678	1,127,866	1,425,214	1,778,522	
Net profit from continuing operation	1,259,795	1,141,682	1,051,568	1,389,535	1,683,538	
Loss of discontinued operations	-	-	-	-	-	
Net profit	1,259,795	1,141,682	1,051,568	1,389,535	1,683,538	
Other comprehensive income/loss (net amount after tax)	79,230	(183,256)	(335,953)	121,925	(657,488)	
Total comprehensive income/loss	1,339,025	958,426	715,615	1,511,460	1,026,050	
Net profit attributable to owners of parent company	1,247,252	1,135,477	1,057,293	1,411,666	1,701,798	
Net profit attributable to non-controlling interests	12,543	6,205	(5,725)	(22,131)	(18,260)	
Total comprehensive income/loss attributable to owners of parent company	1,326,470	952,128	721,035	1,533,947	1,044,140	
Total comprehensive income/loss attributable to non-controlling interest	12,555	6,298	(5,420)	(22,487)	(18,090)	
Earnings per share	1.91	1.74	1.62	2.16	2.60	

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

Note 2: As of the publication date of the annual report, the consolidated financial information as of March 31, 2021 has not been reviewed by accountant.

B. Individual Condensed Statement of Comprehensive Income – Based on IFRS

Year / Item	Financial Summary for The Last Five Years (Note 1)				
	2020	2019	2018	2017	2016
Operating revenue	4,495,516	4,149,136	3,865,046	3,518,563	3,682,753
Gross profit	801,903	495,207	496,833	478,624	569,255
Profit /loss from operations	469,884	158,345	236,966	235,915	316,289
Non-operating income and expenses	811,505	1,029,563	897,534	1,209,175	1,476,353
Profit before tax	1,281,389	1,187,908	1,134,500	1,445,090	1,792,642
Net profit from continuing operations	1,247,252	1,135,477	1,057,293	1,411,666	1,701,798
Loss of discontinued operations	-	-	-	-	-
Net profit	1,247,252	1,135,477	1,057,293	1,411,666	1,701,798
Other comprehensive income/loss (net amount after tax)	79,218	(183,349)	(336,258)	122,281	(657,658)
Total comprehensive income/loss	1,326,470	952,128	721,035	1,533,947	1,044,140
Earnings per share	1.91	1.74	1.62	2.16	2.60

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

6.1.3 Auditors' Opinions from 2016 to 2020

Year	CPA	Audit Opinion	Accounting Firm
2016	Chi Chen Lee、Hung Ju Liao	Unmodified opinion with the Other Matter paragraph	Deloitte & Touche
2017	Hung Ju Liao、Chao Chin Yang	Unmodified opinion with the Other Matter paragraph	Deloitte & Touche
2018	Hung Ju Liao、Chao Chin Yang	Unmodified opinion	Deloitte & Touche
2019	Hung Ju Liao、Chao Chin Yang	Unmodified opinion	Deloitte & Touche
2020	Chao Chin Yang、Lee Yuan Kuo	Unmodified opinion	Deloitte & Touche

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis – Based on IFRS

Item			Financial Analysis for the Last Five Years (Note 1)					2021 (As of March 31) Note 2
		Year	2020	2019	2018	2017	2016	
Financial structure (%)	Liabilities to assets ratio		22.06	22.64	21.03	19.19	19.41	
	Long-term capital to property, plant and equipment ratio		304.00	316.62	316.35	313.38	310.88	
Solvency	Current ratio (%)		115.70	111.36	118.14	141.47	141.85	
	Quick ratio (%)		106.75	103.58	108.91	126.04	125.43	
	Interest coverage ratio (times)		42.32	37.42	52.87	81.14	107.29	
Operations	Accounts receivable turnover (times)		4.00	3.98	4.24	4.20	4.20	
	Average collection cycle		91.25	91.70	86	87	86	
	Inventory turnover (times)		16.50	15.83	14.10	12.62	12.29	
	Accounts payable turnover (times)		6.80	6.60	6.91	6.84	6.12	
	Average days in sales		22.12	23	26	29	29	
	Property, plant and equipment turnover (times)		0.84	0.81	0.80	0.75	0.81	
	Total assets turnover (times)		0.22	0.21	0.22	0.21	0.22	
Profitability	Return on assets (%) (ROA)		5.43	5.10	4.89	6.77	8.43	
	Return on equity (%) (ROE)		6.83	6.35	6.01	8.28	10.39	
	Net income before tax as a percentage of paid-in capital (%)		19.85	18.33	17.26	21.80	28.02	
	Net profit rate (%)		23.21	22.80	21.99	31.54	36.42	
	EPS (NT$)	Before retrospective	1.91	1.74	1.62	2.16	2.68	
		After retrospective	1.91	1.74	1.62	2.16	2.60	
Cash flow	Cash flow ratio (%)		26.72	19.56	17.54	23.67	28.84	
	Cash flow adequacy ratio (%)		77.47	69.43	69.41	71.34	65.19	
	Cash reinvestment ratio (%)		1.26	0.42	(0.23)	(0.33)	0.52	
Leverage	Operating leverage		1.90	3.53	3.08	3.68	2.50	
	Financial leverage		1.06	1.23	1.14	1.13	1.07	

Analysis of financial ratio differences for the last two years:

1. Increase in cash flow ratio and cash reinvestment ratio: Mainly because of the increase in the inflow of net cash from the operating activities in 2020.
2. Decrease in operating leverage was due to the increase of net profit in 2020.

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

Note 2: As of the printing date of the annual report, the consolidated financial information as of March 31, 2021 has not been reviewed by accountant.

B. Individual Financial Analysis – Based on IFRS

Item			Financial Analysis for the Last Five Years (Note 1) 2020	2019	2018	2017	2016
Financial structure (%)	Liabilities to assets ratio		18.98	19.80	18.66	16.89	17.25
	Long-term capital to property, plant and equipment ratio		309.13	323.99	345.73	343.24	342.63
Solvency	Current ratio (%)		109.30	107.23	115.13	140.28	139.75
	Quick ratio (%)		99.97	99.63	106.55	128.19	127.54
	Interest coverage ratio (times)		56.61	54.19	67.65	103.62	136.47
Operations	Accounts receivable turnover (times)		3.87	3.89	4.25	4.22	4.20
	Average collection cycle		94	94	86	86	87
	Inventory turnover (times)		15.84	16.31	14.28	12.77	12.47
	Accounts payable turnover (times)		7.20	7.22	7.60	7.52	6.63
	Average days in sales		23	22	26	29	29
	Property, plant and equipment turnover (times)		0.72	0.72	0.72	0.67	0.73
	Total assets turnover (times)		0.19	0.18	0.18	0.18	0.19
Profitability	Return on assets (%) (ROA)		5.58	5.23	5.08	7.10	8.82
	Return on equity (%) (ROE)		6.80	6.36	6.08	8.48	10.60
	Net income before tax as a percentage of paid-in capital (%)		19.60	18.17	17.36	22.11	28.25
	Net profit rate (%)		27.74	27.36	27.36	40.12	46.21
	EPS (NT$)	Before retrospective	1.91	1.74	1.62	2.16	2.68
		After retrospective	1.91	1.74	1.62	2.16	2.60
Cash flow	Cash flow ratio (%)		29.02	21.53	20.90	33.19	34.93
	Cash flow adequacy ratio (%)		74.83	69.40	69.92	70.74	67.28
	Cash reinvestment ratio (%)		0.91	0.20	(0.26)	(0.09)	(0.10)
Leverage	Operating leverage		1.67	2.96	2.00	1.96	1.80
	Financial leverage		1.05	1.16	1.08	1.06	1.04

Analysis of financial ratio differences for the last two years:

1. Increase in cash flow ratio and cash reinvestment ratio: Mainly because of the increase in the inflow of net cash from the operating activities in 2020.
2. Decrease in operating leverage was due to the increase of net profit in 2020.

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

Note: The equations for calculation in financial analysis.

[I] Financial structure

(1) Liabilities to assets ratio = Total liabilities/ Total assets

(2) Long-term capital to PP&E ratio = (Gross shareholder's equity + Non-current liabilities) / Net PP&E

[II] Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – Inventory – Prepayments) / Current liabilities

(3) Interest coverage ratio =EBIT / Interest expense for current period

[III] Operations

(1) Account receivable (including account receivable and note receivable from operation) turnover = Net revenue /Balance of average account receivable (including account receivable and note receivable from operation)

(2) Average collection period=365 / Account receivable turnover

(3) Inventory turnover= Cost of goods sold / Average inventory

(4) Account payable (including account payable and note payable from operation) turnover = Cost of goods sold / Balance of average account payable (including account payable and note payable from operation)

(5) Average daily sales = 365 / Inventory turnover

(6) PP&E turnover = Net revenue / Average Net PP&E

(7) Total assets turnover = Net revenue / Average total assets

[IV] Profitability

(1) ROA = [Profit(loss) after tax + Interest expenses x (1 – tax rate)] / Average total assets

(2) ROE = Profit(Loss) after tax / Average equity

(3) Net income before tax as a percentage of paid-in capital = pre-tax profit / Paid-in Capital

(4) Net profit rate = Profit(Loss) after tax / Net revenue

(5) EPS = (Net profit attributable to owners of the parent – dividend from preferred shares) / Weighted average number of outstanding shares

[V] Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital Expenditure + Increases in inventory + Cash dividends) over the past five years

(3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividends) / (Gross PP&E + Long-term investments + Other non-current assets + Working capital)

[VI] Leverage

(1) Operations leverage = (Net revenue – Variable cost and expenses from operations) / Operating profit

(2) Financial leverage = Operating profit / (Operating profit-interest expenses)

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

Review Report by
Audit Committee, Universal Cement Corporation

Mar. 23, 2021

The Board of Directors has adopted Financial Report and consolidate Financial Report for the fiscal year of 2020, audited by Mr. YANG, Chao-Chin, CPA and Ms. Kuo, Lee-Yuan, CPA, of Deloitte & Touche, and submitted to this Committee for review, along with Business Report and Table of Distribution of Reserve. This Committee has reviewed the submissions and reached the unanimous conclusion that no discrepancy was identified. We hereby submitted to the Shareholder's Meeting of 2021 this Report pursuant to Art. 14-4 of Securities and Exchange Act and Art. 219 of Company Act.

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

We have audited the accompanying 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

Notice to Readers

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

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

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

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)

Universal Cement Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(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:

   Amendments to IAS 1 and IAS 8 "Definition of Materiality"

   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	Accounts	Total

	(Including related parties)	Receivable (Including related parties)	
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	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	$ 1,413,029	$ 1,278,637	$ 1,217,081

related parties)

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	**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 obsolete and slow-moving inventories	$ 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

Financial assets

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

Financial liabilities

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

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

Line Item	Related Party Category	For the Year Ended December 31 2020	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.

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	Financial assets at FVTOCI	55	1	-	1	

		president of the company serve as representatives of the legal entity.	- current					
	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	

TABLE 4

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.

TABLE 5

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.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Corporation’s financial statements for the year ended December 31, 2020 is stated as follows:
<u>Occurrence of sales of concrete products</u>

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 23, 2021

Notice to Readers

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

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

Universal Cement Corporation

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

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

Total liabilities	4,372,900	19	4,440,570	20
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Capital stock - common stock	6,536,092	29	6,536,092	29
Capital surplus	65,822	-	41,430	-
Retained earnings				
Legal reserve	2,491,500	11	2,377,952	11
Special reserve	3,185,793	14	3,185,793	14
Unappropriated earnings	5,838,490	25	5,449,899	24
Total retained earnings	11,515,783	50	11,013,644	49
Other equity	538,530	2	392,291	2
Total equity	18,656,227	81	17,983,457	80
TOTAL	$ 23,029,127	100	$ 22,424,027	100

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

Universal Cement Corporation

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 30)	$ 4,495,516	100	$ 4,149,136	100
OPERATING COSTS (Notes 11, 20, 23 and 30)	3,693,613	82	3,653,929	88
GROSS PROFIT	801,903	18	495,207	12
OPERATING EXPENSES (Notes20, 23 and 30)				
Selling and marketing expenses	105,770	2	118,014	3
General and administrative expenses	157,467	3	150,089	4
Research and development expenses	68,246	2	66,680	1
Expected credit loss	536	-	2,086	-
Total operating expenses	332,019	7	336,862	8
PROFIT FROM OPERATIONS	469,884	11	158,345	4
NON-OPERATING INCOME AND EXPENSES (Notes12, 23 and 30)				
Interest income	273		565	
Other income	178,891	4	174,446	4
Other gains and losses	(98,927)	(2)	(14,052)	-
Interest expenses	(23,044)	(1)	(22,335)	-
Share of profit or loss of associates	754,312	17	890,939	21
Total non-operating income and expenses	811,505	18	1,029,563	24
PROFIT BEFORE INCOME TAX	1,281,389	29	1,187,908	28
INCOME TAX EXPENSE (Notes 4 and 24)	34,137	1	52,431	1
NET PROFIT FOR THE YEAR	1,247,252	28	1,135,477	27
OTHER COMPREHENSIVE INCOME (Notes 20, 21 and 24)				

	2020		2019	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,712)	-	10,257	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(28,404)	(1)	119,082	3
Share of the other comprehensive income or loss of associates accounted for using the equity method	(346)	-	42,449	1

(Continued)

Universal Cement Corporation

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

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

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

(Concluded)

Universal Cement Corporation

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity					
	Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	other	Total	Total Equity
BALANCE AT JANUARY 1, 2019	$ 6,536,092	$ 41,265	$ 2,272,223	$ 3,185,793	$ 5,104,308	($ 653,350)	$ 1,184,048	$ 44,942	$ -	$ 575,640	$ 17,715,321
Appropriation of 2018 earnings (Note 21)											
Legal reserve	-	-	105,729	-	(105,729)	-	-	-	-	-	-
Cash dividends distributed by the company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)
Changes in recognition of associates accounted for using equity method	-	165	-	-	(30,548)	-	-	-	-	-	(30,383)
Net profit for the year ended December 31, 2019	-	-	-	-	1,135,477	-	-	-	-	-	1,135,477
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(353,086)	158,643	11,094	-	(183,349)	(183,349)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,135,477	(353,086)	158,643	11,094	-	(183,349)	952,128
BALANCE AT DECEMBER 31, 2019	6,536,092	41,430	2,377,952	3,185,793	5,449,899	(1,006,436)	1,342,691	56,036	-	392,291	17,983,457
Appropriation of 2019 earnings (Note 21)											
Legal reserve	-	-	113,548	-	(113,548)	-	-	-	-	-	-
Cash dividends distributed by the company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 26)	-	418	-	-	-	-	-	-	-	-	418

Changes in recognition of associates accounted for using equity method	-	1,491	-	-	(7,266)	-	-	-	(17,217	(17,217)	(22,992)
Overdue dividends not collected by shareholders	-	22,483	-	-	-	-	-	-	-	-	22,483
Net profit for the year ended December 31, 2020	-	-	-	-	1,247,252	-	-	-	-	-	1,247,252
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	114,138	(29,936)	(4,984)	-	79,218	79,218
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,247,252	114,138	(29,936)	(4,984)	-	79,218	1,326,470
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 7 and 21)	-	-	-	-	(84,238)	-	84,238	-	-	84,238	-
BALANCE AT DECEMBER 31, 2020	$ 6,536,092	$ 65,822	$ 2,491,500	$ 3,185,793	$ 5,838,490	($ 892,298)	$ 1,396,993	$ 51,052	($ 17,217	$ 538,530	$ 18,656,227

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

Universal Cement Corporation

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

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

CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through other comprehensive income	(9,468)	(29,924)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	21,039	-
Increase in financial assets at amortized cost	(9,683)	(19,646)
Decrease in financial assets at amortized cost	26,447	13,426
Acquisitions of investments accounted for using equity method	(71,820)	(50,000)

(Continued)

Universal Cement Corporation

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

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

CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 125,182	$ 137,066

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

(Concluded)

Universal Cement Corporation

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

   Amendments to IAS 1 and IAS 8 "Definition of Materiality"

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Amendments to IAS 1 “Disclosure of Accounting Policies”

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

(1) Information on accounting policies related to immaterial transactions, other matters or circumstances is immaterial, and the Corporation is not required to disclose such information.

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

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

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

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

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

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

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

(10) Information that involves complicated accounting requirements and users of the financial

statements depends on such information to understand material transactions, other matters or circumstances.

4. Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

Equity method is adopted for investments in subsidiaries.

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

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

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

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

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

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

m. Revenue recognition

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

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

n. Leases

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

1) The Corporation as lessor

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

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

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

2) The Corporation as lessee

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

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

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

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

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

8. FINANCIAL ASSETS AT AMORTIZED COST

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

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

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

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

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

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

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

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

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

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

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

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

Notes receivable

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

Accounts receivable (Including related parties)

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

December 31, 2020

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

December 31, 2019

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

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

December 31, 2020

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

December 31,2019

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2019	$ 2,889	$ 2,153	$ 5,042
Add: Net remeasurement of loss	174	1,912	2,086

allowance			
Less: Amounts written off	-	(139)	(139)
Balance at December 31, 2019	$ 3,063	$ 3,926	$ 6,989

11. INVENTORIES

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

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

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

a. Investments in Subsidiaries

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

	December 31

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

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

b. Investments in Associates

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

1. Material associates

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

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

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

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

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

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

2. Associates that are not individually significant

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

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2019	$ 4,305,174	$ 1,429,903	$ 3,074,187	$ 399,201	$ 712,710	$ 421,563	$10,342,738
Additions	-	4,347	27,075	-	11,234	143,048	185,704
Disposals	-	(4,774)	(1,378)	(5,370)	(8,629)	-	(20,151)
Transfer form investment properties	-	(594)	-	-	(370)	-	(964)
Reclassification from investment properties	169,798	167,113	-	-	11,318	-	348,229
Balance at December 31, 2019	$ 4,474,972	$ 1,595,995	$ 3,099,884	$ 393,831	$ 726,263	$ 564,611	$10,855,556
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,056,097	$ 2,930,631	$ 346,204	$ 535,800	$ -	$ 4,868,732

Disposals	-	(4,774)	(1,208)	(5,370)	(8,629)	-	(19,981)
Depreciation expense	-	19,237	29,794	9,348	14,678	-	73,057
	-	11,058	-	-	1,741	-	12,799
Balance at December 31, 2019	$ -	$ 1,081,618	$ 2,959,217	$ 350,182	$ 543,590	$ -	$ 4,934,607
Carrying amounts at December 31, 2019	$ 4,474,972	$ 514,377	$ 140,667	$ 43,649	$ 182,673	$ 564,611	$ 5,920,949
Cost							
Balance at January 1, 2020	$ 4,474,972	$ 1,595,995	$ 3,099,884	$ 393,831	$ 726,263	$ 564,611	$10,855,556
Additions	-	41,438	65,912	19,886	29,589	5,299	162,124
Disposals	-	(380)	(3,432)	(9,058)	(22,278)	-	(35,148)
Reclassification from investment properties	404,481	11,853	-	-	-	-	416,334
Balance at December 31, 2020	$ 4,879,453	$ 1,648,906	$ 3,162,364	$ 404,659	$ 733,574	$ 569,910	$11,398,866
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	$ 1,081,618	$ 2,959,217	$ 350,182	$ 543,590	$ -	$ 4,934,607
Depreciation expense	-	20,218	27,393	9,001	15,758	-	72,370
Disposals	-	(380)	(3,430)	(9,058)	(22,278)	-	(35,146)
Reclassification from investment properties	-	12,097	-	-	-	-	12,097
Impairment loss	-	-	-	-	7	-	7
Balance at December 31, 2020	$ -	$ 1,113,553	$ 2,983,180	$ 350,125	$ 537,077	$ -	$ 4,983,935
Carrying amounts at December 31, 2020	$ 4,879,453	$ 535,353	$ 179,184	$ 54,534	$ 196,497	$ 569,910	$ 6,414,931

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

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

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

Buildings	
Main buildings	20-60 years

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

b. Lease liabilities

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

Ranges of discount rates for lease liabilities were as follows:

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

c. Other lease information

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

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

15. INVESTMENT PROPERTIES

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

	Land	Buildings	Total
Cost			
Balance at January 1, 2020	$ 658,128	$ 135,894	$ 794,022
Disposals	(13,708)	(7,439)	(21,147)

Reclassification to property, plant and equipment	(404,481)	(11,853)	(416,334)
Balance at December 31, 2020	$ 239,939	$ 116,602	$ 356,541
Accumulated depreciation and impairment			
Balance at January 1, 2020	$ 61,135	$ 114,190	$ 175,325
Depreciation expense	-	647	647
Disposals		(1,362)	(1,362)
Reclassification to property, plant and equipment	-	(12,097)	(12,097)
Balance at December 31, 2020	$ 61,135	$ 101,378	$ 162,513
Carrying amounts at December 31, 2020	$ 178,804	$ 15,224	$ 194,028

(Concluded)

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

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

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

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

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

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

16. OTHER INTANGIBLE ASSETS

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

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

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

17. BORROWINGS

a. Short-term borrowings

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

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

b. Short-term bills payable

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

The company did not provide any collateral over these balance.

Outstanding short-term bills payable as follows:

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

Taiwan Cooperative Bills Finance Co., Ltd.	300,000	126	299,874	0.958%
Mega Bills Finance Co., Ltd.	500,000	572	499,428	1.018%
	$ 1,300,000	$ 1,072	$ 1,298,928	

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

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

19. OTHER PAYABLES AND OTHER LIABILITIES

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

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

Movements in net defined benefit liability were as follows:

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

Recognized in profit or loss	$ 6,058	($ 1,330)	$ 4,728
Return on plan assets (excluding amounts included in net interest)	-	(5,695)	(5,695)
Actuarial loss - changes in demographic assumptions	3,927	-	3,927
Actuarial loss - changes in financial assumptions	19,634	-	19,634
Actuarial gain - experience adjustments	(10,154)	-	(10,154)
Recognized in other comprehensive income	13,407	(5,695)	7,712
Contributions from the employer	-	(30,004)	(30,004)
Benefits paid	(17,045)	17,045	-
Balance at December 31, 2020	$ 249,305	($ 183,146)	$ 66,159

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

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

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

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

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

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

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

	December 31	
	2020	**2019**

Discount rate	0.35%	0.8%
Expected rate of salary increase	4%	4%

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

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

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

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

21. EQUITY

a. Share capital

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

b. Capital surplus

December 31

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

	2019	2018
Legal reserve	$ 113,548	$ 105,729
Cash dividends	$ 653,609	$ 653,609

Cash dividends per share (NT$)	$ 1	$ 1

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

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

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

d. Special reserves

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

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

e. Other equity items

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

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

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

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

retained earnings.

Balance at December 31	$ 1,396,993	$ 1,342,691

3) Remeasurement of defined benefit plans

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

4) Other equity items

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

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

22. REVENUE

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

a. Disaggregation of revenue

	For the Year Ended December 31	
	2020	2019
Concrete	$ 3,057,455	$ 2,612,366
Cement	685,331	652,038

Gypsum Board panels	742,434	870,628
Other	10,296	14,104
	$ 4,495,516	$ 4,149,136

b. Contract balances

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

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

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

23. PROFIT BEFORE INCOME TAX

a. Interest income

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

b. Other income

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

c. Other gains and losses

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

d. Interest expense

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

e. Depreciation and amortization

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

f. Employee benefits expense

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

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

(Concluded)

g. Employees' compensation and remuneration of directors

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

The employees' compensation and remuneration of directors for the year ended December 31, 2020 and 2019 have been approved on March 26, 2021 and 2020, respectively as follows:

Accrual rate

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

Amount

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

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

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

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

24. INCOME TAX

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

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

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 1,281,389	$ 1,187,908
Income tax expense calculated at the statutory rate	$ 256,278	$ 237,582
Nondeductible expenses in determining taxable income	(150,863)	(175,571)
Realized investment loss	(47,628)	-
Tax-exempt income	(28,409)	(25,924)
Temporary difference	12,002	(3,590)
Land value increment tax	207	-
Income tax on unappropriated earnings	16,152	21,032
Adjustments for prior years' tax	(23,602)	(1,098)
	$ 34,137	$ 52,431

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

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

For the year ended December 31, 2019

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

Cash surrender value of life insurance	76	-	-	76
	$ 1,088,899	$ -	$ 2,051	$ 1,090,950

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

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

g. Income tax examinations

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

25. EARNINGS PER SHARE

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

Net Profit for the Year

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

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

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

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

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

27. CASH FLOWS INFORMATION

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

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

28. CAPITAL MANAGEMENT

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

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTOCI				

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

December 31, 2019

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

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

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

Financial assets at fair value through other comprehensive income.

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

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

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

c. Categories of financial instruments

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

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

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

d. Financial Risk Management Objectives and Policies

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

1) Market risk

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

a) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 15,262	$ 32,026
Financial liabilities	1,066,496	1,333,910
Cash flow interest rate risk		

Financial assets	97,619	120,833
Financial liabilities	1,285,000	1,100,000

b) Other price risk

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

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.
The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. According to Taiwan's stock market price limit of 10%, the sensitivity was 10% as the analysis of equity securities.

If equity prices of domestic listed equity securities, which was hold by the company calculated by $ 1,851,633 thousand, had been 10% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 would have increased/decreased by $ 18,516 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices of domestic listed equity securities, which was hold by the company calculated by $ 1,961,744 thousand, had been 10% higher/lower other comprehensive income would increase/decrease by $ 19,617 thousand as a result of the changes in fair value of available-for sale financial assets for the year ended December 31, 2019.If equity prices of domestic listed equity securities, which was hold by the Group calculated by $ 1,851,633 thousand and $ 1,961,744 thousand, had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2020 and 2019 would have increased/decreased by $ 18,516 thousand and $ 19,617 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

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

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

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

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

3) Liquidity risk

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

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

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.
December 31, 2020

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

December 31, 2019

	On Demand or Less than 3 Month	**3 Months to 1 Year**	**1 Year to 5 Year**
Non-derivative financial liabilities			

Non-interest bearing	$ 743,959	$ -	$ 8,362
Lease liabilities	4,670	13,914	17,091
Variable interest rate liabilities	1,100,885	-	-
Fixed interest rate liabilities	1,300,000	-	-
Guaranteed liabilities	260,000	-	-
	$3,409,514	$ 13,914	$ 25,453

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

b) Financing facilities

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

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Name and relationship of related party

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

b. Sales of goods

		For the Year Ended December 31	
Account Items	**Related Parties Category**	**2020**	**2019**
Sales revenue	The key management of the company serves as a member its board of directors	$ 65,595	$ 49,131

	2020	2019
Other related parties	84,737	87,174
	$ 150,332	$ 136,305

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

c. Purchase of goods

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

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

d. Contract assets

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

e. Receivables from related parties (Excluding contract assets)

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

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

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

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

g. Lease arrangements - Company is lessee

Line Item	Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Lease liabilities	Associates	$ 3,431	$ 8,539
	Subsidiaries	1,165	265
		$ 4,596	$ 8,804

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

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

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

h. Lease arrangements - Company is lessor

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

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

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

Total lease revenue is summarized as follows:

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

i. Loan to related parties

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

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

The company provided an insecure short-term loan to its subsidiary Uneo Inc.; interests accrued at

1.1% based on the actual utilization amount during 2020 and 2019, and the settlement shall be made in a lump-sum upon expiry.

j. Endorsement/guarantee

Endorsement/guarantee to others

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

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

Endorsement/guarantee acquired

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

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

k. Other transactions with related parties

1) Freight expense

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

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

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

2) Management service income

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

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

l. Compensation of key management personnel

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

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Unrecognized commitments are as follows:

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

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

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

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

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

December 31, 2019

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

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

	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

USD	29.549 (USD：NTD)	($ 89)	30.912 (USD：NTD)	($ 95)
RMB	4.282 (RMB：NTD)	43	4.472 (RMB：NTD)	(237)
JPY	0.2769 (JPY：NTD)	19	0.2837 (JPY：NTD)	(1)
HKD	3.809 (HKD：NTD)	(7)	3.945 (HKD：NTD)	(15)
EUR	33.71 (EUR：NTD)	(108)	34.61 (EUR：NTD)	(166)
		($ 142)		($ 514)

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

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

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

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

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

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

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

b. Related information on investees. (Table 5)

c. Information on investments in mainland China

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

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

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

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

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

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

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

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

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

UNIVERSAL CEMENT CORPORATION

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

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

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

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

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

TABLE 2

UNIVERSAL CEMENT CORPORATION

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

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

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

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

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

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

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

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

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

UNIVERSAL CEMENT CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

		directors.						
	Tainan Spinning Co., Ltd.	The legal entity as director and the president of the company serve as representatives of the legal entity.	Financial assets at FVTOCI - current	55	1	-	1	
	Unlisted shares							
	Pan Asia (Engineers & Constructors) Corporation.	Subsidiary serves as a member of its board of directors	Financial assets at FVTOCI - non-current	3,102,803	31,959	2.71	31,959	
	Chinese Products Promotion Center	-	Financial assets at FVTOCI - non-current	7,540	554	1.98	554	
	Da Jen Venture Capital Co., Ltd.	The legal entity as director of the company serves as a member of its board of directors.	Financial assets at FVTOCI - non-current	1,683,000	29,581	8.06	29,581	
	DarChan Venture Capital Co., Ltd.	The legal entity as director of the company serves as a member of its board of directors.	Financial assets at FVTOCI - non-current	2,000,000	17,893	3.64	17,893	

UNIVERSAL CEMENT CORPORATION

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

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

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

TABLE 5

UNIVERSAL CEMENT CORPORATION

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

UNIVERSAL CEMENT CORPORATION

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

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

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

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SCHEDULE 1

Universal Cement Corporation

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

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

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

SCHEDULE 2

Universal Cement Corporation

STATEMENTS OF FINANCIAL ASSETS AT FVOCI – CURRENT

DECEMBER 31, 2020

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

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

Note: Please refer to Note 29.

SCHEDULE 3

Universal Cement Corporation

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

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

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

SCHEDULE 4

Universal Cement Corporation

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

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

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

SCHEDULE 5

Universal Cement Corporation

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

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

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

SCHEDULE 6

Universal Cement Corporation

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

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

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

SCHEDULE 7

Universal Cement Corporation

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

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

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

SCHEDULE 8

Universal Cement Corporation

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

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

SCHEDULE 9

Universal Cement Corporation

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

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

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

Note 2: Refers to the period of utilization.

SCHEDULE 10

Universal Cement Corporation

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

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

SCHEDULE 11

Universal Cement Corporation

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

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

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

SCHEDULE 12

Universal Cement Corporation

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

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

SCHEDULE 13

Universal Cement Corporation

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

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

SCHEDULE 14

Universal Cement Corporation

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

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

SCHEDULE 15

Universal Cement Corporation

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

	Marketing expenses	Managemen t fees	R&D expenses	Expected credit loss (the "ECL")	Total
Salaries and wages, bonus,and employee's remuneration	$ 32,885	$ 48,262	$ 31,842	$ -	$ 112,989
Freight	30,384	-	-	-	30,384
Commission expenses	23,515	-	-	-	23,515
Director's remuneration	-	28,333	-	-	28,333
Depreciation	906	18,098	1,448	-	20,452
Taxation	47	10,903	48	-	10,998
ECL	-	-	-	536	536
Others (Note)	18,033	51,871	34,908	-	104,812
	$ 105,770	$ 157,467	$ 68,246	$ 536	$ 332,019

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

SCHEDULE 16

Universal Cement Corporation

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

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

Note:

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

6.6 The company and its subsidiaries Disclosure to make if the company and its affiliates have experienced financial difficulties in recent fiscal year till the publication date: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	4,391,640	4,267,262	124,378	3
Property, plant and equipment	6,680,071	6,180,847	499,224	8
Intangible assets	8,075	7,854	221	3
Other Assets	13,023,150	12,945,970	77,180	1
Total Assets	24,102,936	23,401,933	701,003	3
Current Liabilities	3,795,424	3,831,854	(36,430)	(1)
Long-term Liabilities	1,522,159	1,467,033	55,126	4
Total Liabilities	5,317,583	5,298,887	18,696	0
Paid-in capital	6,536,092	6,536,092	0	0
Capital surplus	65,822	41,430	24,392	59
Retained Earnings	11,515,783	11,013,644	502,139	5
Other equity	538,530	392,291	146,239	37
Equity attributed to owners of the parent company	18,656,227	17,983,457	672,770	4
Non-control equity	129,126	119,589	9,537	8
Total Stockholders' Equity	18,785,353	18,103,046	682,307	4

Analysis of changes in financial ratios:

(1) Capital surplus: Mainly due to the recognition of dividends extinguished by prescription.

(2) Other equity: Mainly due to the recognition of exchange differences on translating foreign operations.

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2020	2019	Difference	%
Operating Revenue	5,426,217	5,005,731	420,486	8
Cost of Sales	4,519,186	4,418,966	100,220	2
Gross Profit	907,031	586,765	320,266	55
Operating Expenses	413,889	415,870	(1,981)	(0)
Profit from operations	493,142	170,895	322,247	189
Non-operating Income and expenses	804,372	1,027,783	(223,411)	(22)
Income Before Tax	1,297,514	1,198,678	98,836	8
Income tax expenses	37,719	56,996	(19,277)	(34)
Net profit	1,259,795	1,141,682	118,113	10
Other comprehensive income	79,230	(183,256)	262,486	143
Total comprehensive income for the year	1,339,025	958,426	380,599	40
Net profit attributable to owners of the company	1,247,252	1,135,477	111,775	10
Net profit attributable to non-controlling interests	12,543	6,205	6,338	102
Total comprehensive income attributable to owners of the company	1,326,470	952,128	374,342	39
Total comprehensive income attributable to non-controlling interests	12,555	6,298	6,257	99
Earnings per share	1.91	1.74	0.17	10

Analysis of Financial Performance：

(1) Gross Profit, Profit from operations and total comprehensive income: Mainly due to the increase in operating revenue.

(2) Non-operating Income and expenses: Mainly due to the decrease in the recognition of share of profit or loss of associates.

(3) Income tax expenses: Mainly due to the recognition of realized investment losses.

(4) Other comprehensive income：Mainly due to the recognition of exchange differences on translating foreign operations.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
$250,642	1,014,179	970,156	294,665	-	-
Analysis of change in cash flow in the current year: 1. Operating activities：Mainly because of the profit from business operations. 2. Investing activities：Mainly because of purchasing property, plant and equipment. 3. Financing activities：Mainly because of dividend distribution by cash.					

7.3.2 Remedy for Cash Deficit and Liquidity Analysis

Year / Item	2020	2019	Variance (%)
Cash Flow Ratio (%)	26.72	19.56	37
Cash Flow Adequacy Ratio (%)	77.47	69.43	12
Cash Reinvestment Ratio (%)	1.26	0.42	200
Increase in cash flow ratio and cash reinvestment ratio: Mainly because of the increase in the inflow of net cash from the operating activities.			

7.3.3 Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus	
				Investment Plans	Financing Plans
$ 294,665	1,022,173	904,319	412,519	-	-
1. Operating activities：Mainly because of the profit from business operations. 2. Investing activities：Mainly because of purchasing property, plant and equipment. 3. Financing activities：Mainly because of dividend distribution by cash.					

7.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year: Establishment on the production line in Luzhu Gypsum Board Plant and expansion of production system in Ta-Fu RMC plant has very limited impact on the financial operation of the company to the extent that it can be fairly omitted.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Investment analysis

Unit: NT$ thousands

Remarks / Item	Amount (Note 1)	Policies	Causes for Profits or Losses	Improvement Plans
Lio-ho Machine Works Ltd.	10,023,552	Expansion of investment in industry other than the company	The share of profits of the associate was 706,818 thousand, and the cash dividends was 358,333 thousand in 2020.	-
Grand Bills Finance Co., Ltd.	739,191	Expansion of investment in industry other than the company	The cash dividends was 35,200 thousand in 2020.	-
Universal Cement Development Co., Ltd.	532,090	Expansion of investment in industry other than the company	The cash dividends was 12,432 thousand in 2020.	-
CTBC Financial Holding Co., Ltd.	560,307	Expansion of investment in industry other than the company	The unrealized loss of the financial assets at fair value through other comprehensive income was 85,326 thousand, and the cash dividends was 28,442 thousand in 2020.	-
CHC Resources Co., Ltd.	807,611	Expansion of investment in industry other than the company	The unrealized loss of the financial assets at fair value through other comprehensive income was 73,698 thousand, and the cash dividends was 34,041 thousand in 2020.	-
Prince Housing & Development Corp.	852,298	Expansion of investment in industry other than the company	The unrealized gain of the financial assets at fair value through other comprehensive income was 14,990 thousand, and the cash dividends was 35,582 thousand in 2020.	-

Note 1: As of December 31,2020, the investment amount exceeded 5% of the paid-in capital.

Investment Plans for the Coming Year: NA.

7.6 Risk Assessment: Following aspects for most recent fiscal year till the publication date has been assessed and evaluated.

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

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

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

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

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

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

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

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

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

The only loaning of funds made by the company was made to the subsidiaries as the operation capital and has been approved and processed according to “Regulations Governing Loaning of Funds” of the company. The highest balance in the year reported is NTD 150 Million; whereas the balance by the end of the year remains the same and the actual credit utilized remained 0.

The company has endorsed to other companies pursuant to “Regulations Governing Making of Endorsements/Guarantees” of the company in year of 2020. The highest credit the company endorsed/guaranteed is NTD 420 Million; whereas the actual credit utilized amounted to NTD 282 Million.

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

The company will continue its research on structure of gypsum board wall to maximize the strength of gypsum board. The company also dedicates to development of various types fire protection wall and structural steel fire protection system and ensure our leadership in the supply of fire-proof building material. Development of enables the application of our product to extend outdoor and add more options for architecture. In repose to modern need of sound insulation, the company has also developed sound insulation gypsum board wall with high performance. The company will further developed hard gypsum board and high performance gypsum board designed for light gauge steel framing structure.

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

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

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

7.6.5 Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response.

The main product of the company are building material mainly used by construction. The industry of building material is matured and hence the change of technology does not impose adverse impact on the company.

Measures to be taken to respond: The company will increase its effort on the research and development of technology of building material and hope this will contribute to the evolvement to the product of the company.

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

The company has always maintained a positive corporate image.

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

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

No transaction of merger was participated by the company in 2020.

Measures taken to respond: To increase awareness on the regulations governing mergers and acquisitions and the cost-and-benefits analysis thereof for possible needs in the future.

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

1. Completion of establishment of production line in Luzhugypsum board plant, Kao-Hsiung.
2. Anticipated benefit. The production capacity of Hai-fu plant has approaching its limit. With the trend of increasing application of green building material by contractors, significant growth of demand for gypsum board is expected soon. New addition of production line in Luzhugypsum board plant will pave way for further breakthrough of building material business.

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

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

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

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

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

Measures to be taken to respond. To continue collection of information.

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

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

Measures to be taken to respond. To continue collection of information.

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

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

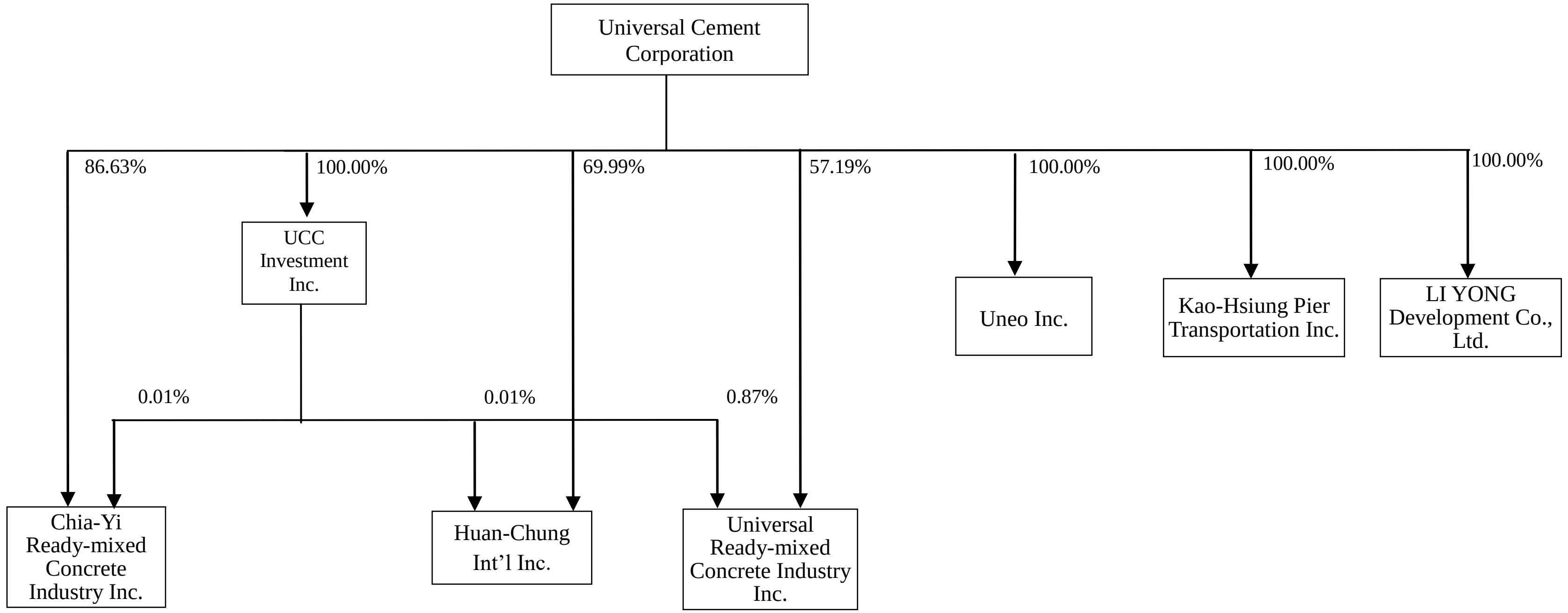
7.7 Other Important Matters: None.

VIII. Special items to be included

8.1 Information related to the company's affiliates

8.1.1 Consolidated Business Reports Covering Affiliated Enterprises

1.Organization Chart for the company and its affiliated enterprises. (2020.12.31)



2. Profile of Affiliated Enterprises

Dec. 31, 2020
Unit: '000 NTD

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main item of Operation or Manufacturing.
Chia-Yi Ready-mixed Concrete Industry Inc.	1982.09.14	2 Zhong-xing Rd., Jia-tai Industrial Zone, Tai-bao City, Chia-Yi County	26,000	Production and sales of Ready-mixed Concrete.
UCC Investment Inc.	1989.11.20	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	322,000	General Investment
Huan-Chung International Inc.	1991.01.28	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	100,000	Sales, import and export of cement, cement clinker, fuel, and cement products.
Kao-Hsiung Pier Transportation Inc.	1967.03.31	95-3 Gang-shan, Gang-shan borough, Ah-lien Dist., Kao-hsiung City.	75,600	Transportation by truck
Uneo Inc.	2013.01.11	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	60,000	Sales of electronic parts
Universal Ready-mixed Concrete Industry Inc.	1975.11.28	665 Zhong-shan Rd., Sec. 1, Wu-ri Dist., Tai-chung City	132,328	Production and sales of Ready-mixed Concrete.
LI YONG Development Co., Ltd.	2020.12.17	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	20,000	Investment and Development of Real Estate

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

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

2021.04.30

Name of Enterprises	Position (Note1)	Name and Representative	Share held: Number of Share	Share held: Ratio of Holding
Chia-Yi Ready-mixed Concrete Industry Inc.	Chairman	Universal Cement Corporation, Represented by：Yang, Tsung-Jen	2,252,378	86.63%
	Director	Universal Cement Corporation, Represented by：Chou, Shih-Kuei	2,252,378	86.63%
	Director	Universal Cement Corporation, Represented by：Wang, Jau-Ching	2,252,378	86.63%
	Supervisor	UCC Investment Inc., Represented by：Yan, Shan-Hsiung	361	0.01%
UCC Investment Inc.	Chairman	Universal Cement Corporation, Represented by：Hou, Bo-Yi	32,200,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	32,200,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	32,200,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by：Yang, Tsung-Jen	32,200,000	100.00%
	General Manager	Hou, Bo-Yi	—	—
Huan-Chung International Inc.	Chairman	Universal Cement Corporation, Represented by：Hou, Bo-Yi	6,999,333	69.99%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	6,999,333	69.99%
	Director	Universal Cement Corporation, Represented by：James Chan	6,999,333	69.99%
	Director	Taiheiyo Cement Corporation, Represented by: Yasuhiro Kawaragi	3,000,000	30.00%
	Director	Taiheiyo Cement Corporation, Represented by:Naoto Kusaka	3,000,000	30.00%
	Supervisor	UCC Investment Inc., Represented by：Hou, Chih-Sheng	667	0.01%
	General Manager	Hou, Chih-Yuan	—	—
Kao-hsiung Pier Transportation Inc.	Chairman	Universal Cement Corporation, Represented by：Wang, Jau-Ching	7,560,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	7,560,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	7,560,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by：Yan, Shan-Hsiung	7,560,000	100.00%
	General Manager	Wang, Jau-Ching	—	—
Universal Ready-mixed Concrete Industry Inc.	Chairman	Universal Cement Corporation, Represented by：Chou, Shih-Kuei	7,567,546	57.19%
	Director	Universal Cement Corporation, Represented by：Hou, Bo-Yi	7,567,546	57.19%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	7,567,546	57.19%
	Director	Universal Cement Corporation, Represented by：Yang, Tsung-Jen	7,567,546	57.19%
	Director	Universal Cement Corporation, Represented by：Peter Chang	7,567,546	57.19%
	Director	Li, Chang-Yi	278,371	2.10%
	Director	Yang, Zuo-Kuei	17,764	0.13%
	Executive Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	7,567,546	57.19%
	Executive Director	Wu, Rui-Sheng	496,231	3.75%
	Supervisor	UCC Investment Inc., Represented by：Wang, Jau-Ching	115,494	0.87%
	Supervisor	Chang, Yu-Zong	27,510	0.21%
	Supervisor	Li, Sheng-Hsiung	165,410	1.25%
	General Manager	Chang, Kui-Goan	—	—
Uneo Inc.	Chairman	Universal Cement Corporation, Represented by：Hou, Bo-Yi	6,000,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	6,000,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	6,000,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by：Wu, Chu-ting.	6,000,000	100.00%
LI YONG Development Co., Ltd.	Chairman	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	2,000,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	2,000,000	100.00%
	Director	Universal Cement Corporation, Represented by：Chang, Pei-De	2,000,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by：Yang, Rong-Fen	2,000,000	100.00%

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

5. Operating Condition and Financial Results of Affiliated Companies

2020.12.31

(In thousands of New Taiwan Dollars, except earnings per share)

Company Name	Capital	Total assets	Total liabilities	Net value	Net Sales	Operating Income (Loss)	Income (Loss) After Tax	Earnings (Loss) Per Share After Tax
Chia-Yi Ready-mixed Concrete Industry Inc.	26,000	58,176	11,159	47,017	-	(1,800)	(128)	(0.05)
UCC Investment Inc.	322,000	615,061	300,029	315,032	-	(1,780)	31,641	0.98
Huan-Chung International Inc.	100,000	433,743	283,409	150,334	665,744	12,584	8,143	0.81
Kao-Hsiung Pier Transportation Inc.	75,600	133,832	35,789	98,043	227,063	3,869	4,040	0.53
Uneo Inc.	60,000	51,738	6,349	45,389	14,453	(8,021)	(8,236)	(1.37)
Universal Ready-mixed Concrete Industry Inc.	132,329	544,492	359,121	185,371	305,238	17,841	23,609	1.78
LI YONG Development Co., Ltd.	20,000	20,000	-	20,000	-	-	-	-

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

8.1.2 DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” 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

8.1.3 Relationship Report: N.A.

8.2 Private Placement Securities in the previous year and by the date of report publication: None

8.3 The Shares in the company Held or Disposed of by Subsidiaries in the previous year and by the date of report publication: None

8.4 Other required supplementary notes:

Universal Cement Corporation Intellectual Property Management Plan

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

8.4.1 Protective Measure

8.4.1.1 Patent

1. Patent Review: Individual Review by Cases. Each application of patent will be reviewed internally before submitting for official review. The scope of internal review includes patent search of previous cases, review of patentability, preliminary examination, and final examination of patent to effectively ensure the quality of our patents.
2. Routine Patent Sharing: Encouraging patent developers to share ideas among peers to enhance sharpness on the perception of patentability.
3. Routine Review on Maintenance: Examine internally the utilization of patent awarded and its relevance to the product to evaluate the necessity for further maintenance of the patent.
4. Seminar on the core concepts of Patent: To enrich the knowledge of patent developers on patent regulations and cultivate their respect for patents and awareness of legal boundaries during the development of patent.

8.4.1.2 Trademark

1. The earliest application of Trademark of the company can be traced back to as early as 1962. After our careful efforts over the decades, the deployment is nearly comprehensive.
2. Routine Review on Maintenance: Examine internally the utilization of

trademark registered to evaluate the necessity for further maintenance of the trademark.

8.1.4.3 Protection of Trade Secretes

1. Access Control System: All employees are issued personal access badge and granted with difference levels of clearance to access to various areas of the company according to the need of respective positions. All visitors shall acquire clearance to access to limited area of the premises and be accompanied by employees of the company at all times.
2. Management of Information Security: All computer systems shall only be accessed with employees' personal account and passwords with the later is required to change periodically.
3. Advertisement of Information Security: Ensure all personnel's understanding of trade secret and to effectively establish the awareness of knowledge of relevant law.

8.4.2 Implementation

The company will report regularly the matters pertaining to Intellectual property to the Board of Directors.
Implementation of "Universal Cement Corporation Guidelines on Management of Intellectual Property" in 2012
Implementation of "Universal Cement Corporation Guidelines on Award for Application of Patent" in 2012

IX. Events with material impacts on equity or stock price as specified in sub-section 2, section 3, Article 36 of the Securities and Exchange Act in the previous year and by the date of report publication: None.