Stock Code: 1104

Universal Cement Corporation

2022 Annual Report

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Published on April 30, 2023

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

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

Tel.: 886-2- 2725-9988

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

Overseas Securities Exchange

N/A.

Corporate Website

http://www.ucctw.com

Head Office, Plant and Local Office

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Kaohsiung Office
4F.-5, No.110, Sanduo 4th Rd., Lingya Dist., Kaohsiung City
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Contents

I. Letter to Shareholders

Greetings to all of our valued shareholders,

In 2022, we experienced lukewarm global economy recovery due to COVID-19. Taiwan's domestic economy performed well in comparison as a result of the success of pandemic-prevention policies and the government passing of the Infrastructure Development Program. At the same time, rising tension between the US and China has brought foreign 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 business performance of the company in 2022:

1. In 2022, the sales of cement were 500 thousand tons, representing a YOY decline of 5%, the sales of ready-mixed concrete (RMC) were 1.94 million cubic meters, representing a YOY growth of 7% and the sales of gypsum boards were 15.78 million square meters, representing a YOY growth of 6%. Total consolidated revenue for 2022 was NT$ 7.06 billion, showing a growth of 16% compared with last year; Net profit after tax of the year was NT$ 2.18 billion representing a YOY growth of 96% due to the growth in investment earnings; Earnings per share had reached NT$ 3.12.
2. Building Material business group continues to enhance the functional performance of gypsum board such as moisture resistance, fire resistance, sound insulation, convenience in construction and recycling. We also strive to provide users with more drywall systems including rooftop and cladding system, at the same time, we have 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. RMC business group continued to supply for the demand for factories, offices, public construction, and the residences on the periphery of Hsinchu, Taichung, Tainan, Kaohsiung and Pingtung.
4. Micro-Deformable Piezoresistive Sensor, the technology by our subsidiary company, Uneo Inc. was making a great progress in consumer electronics, stylus, industrial and semiconductor equipment, smart health and smart warehouses. Uneo Inc. seeks to enhance synergy with world-renowned corporation in standardizing, systemizing, and modularizing the product development based on the advanced technology and the past experiences of customization to shorten the product development cycle and raise the profit.

Looking into 2023, we will continue to solidify our footprint in public construction, factories, commercial buildings, and housing projects. Xiaogang RMC Plant and Madou RMC Plant renewals are estimated to complete in the fourth quarter of 2023.With ten Ready-mixed concrete plants and two gypsum board plants, we expect to achieve the cement sales volume target of 480 thousand tons, RMC sales volume target of 1.85 million cubic meters, and gypsum board sales volume target of 16.35 million square meters. Beyond our current business, we also continue to seek growth opportunities horizontally and vertically. With the rising awareness of ESG, we will also proactively seek for new production methods and materials to ameliorate the impact the company levy on the environment.

As a leader in film type pressure sensor industry, Uneo Inc. has been the designated smart manufacturing sensor system supplier for various world-renowned companies since Industry 4.0 has become a clear direction. Moreover, our module for smart health and smart inventory control are also two foci and UNEO seeks to promote these solutions to industry leaders in North America and Europe. With the steadily-growing market demand for consumer electronics, we are anticipating a significant growth in sales performance of the sensor component business for 2023.

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

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 Dahu 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 Dahu 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 Dahu plant converted into latest NSP production system and increase annual capacity to 0.7 Million mt.
Sept., 1988	Establishment of Dahu Ready-Mixed Concrete (RMC) Plant, hourly production capacity of 120 m^3.
Dec., 1990	Pre-heating system at Alian Cement Plant was converted from semi-N.S.P. system to R.S.P. system.
Jan., 1991	Establishment of Dahu gypsum board plant, annual capacity of 7.5 Million m^2, which was later increased to 9 Million m^2 due to expansion of capacity.
May, 1992	Completion of expansion of second production system in Dahu RMC plan, hourly production capacity of 180 m^3.
Jan., 1993	Evaluation of establishment of Haihu gypsum plant.
Oct., 1994	Establishment of Nantz RMC Plant, hourly production capacity of 270 m^3.
Mar., 1995	Establishment of Haihu 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 Dahu 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.

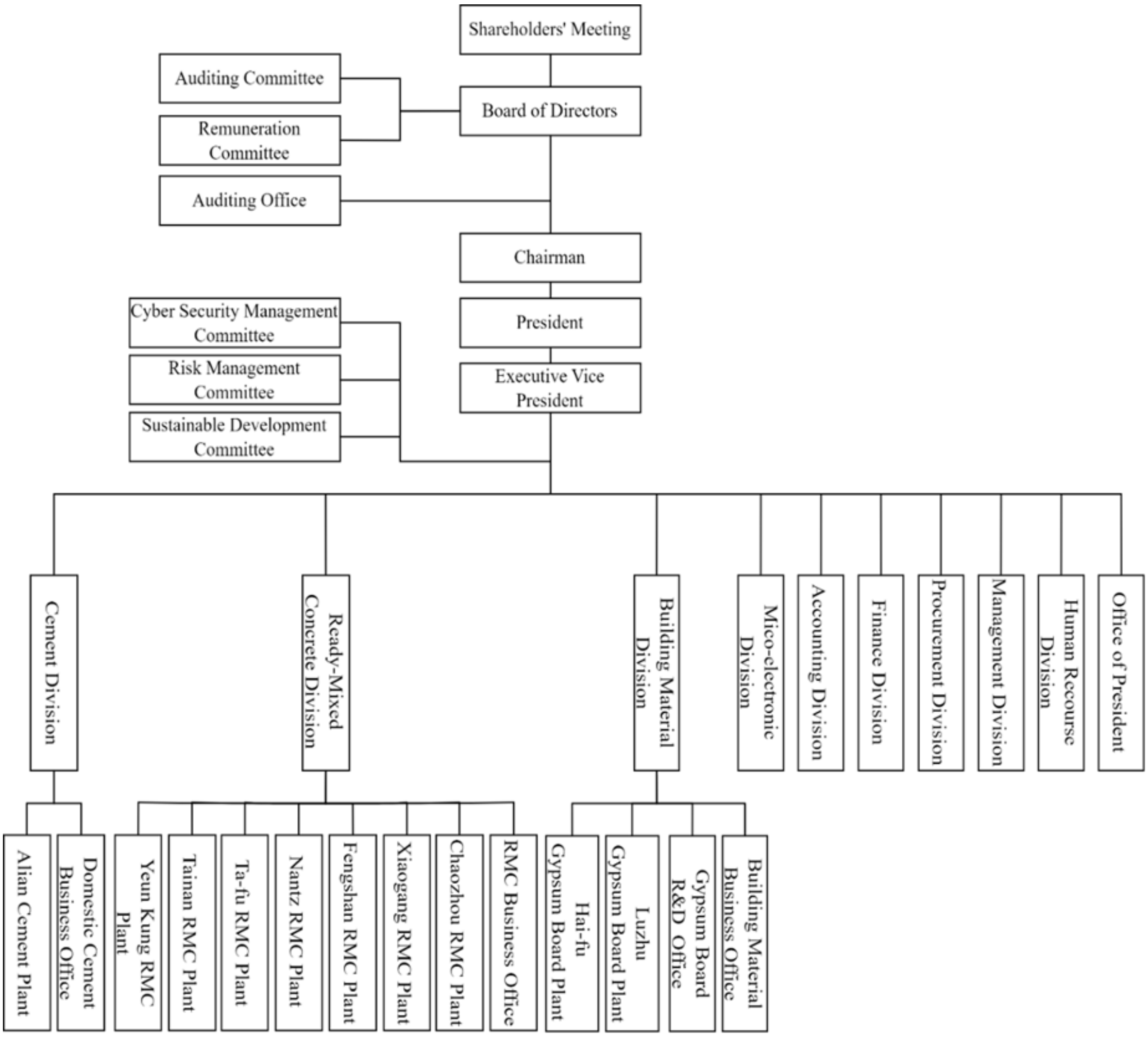
Apr., 1996	Haihu gypsum plant was awarded the certificate of ISO 9002 by BSMI of MOEA.
June, 1996	Investment of cement plant in Vietnam was approved and awarded license by Ministry of Planning and Investment of President Office of Vietnam.
Aug., 1996	Huan-ni Investment, subsidiary of UCC, invested in 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 Dahu Cement plant.
July., 1998	Implementation of Favorable Retirement and Severance Package.
Apr., 1999	Dahu, 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 Dahu gypsum board plant.
July., 2001	Haihu gypsum board 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	Haihu 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 Dahu 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	Dahu 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 Haihu 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 Dahu RMC plant.
Nov., 2020	Expansion of RMC network by leasing of Hsin-Chu RMC plant.
June, 2022	Shareholders' Meeting adopted registered capital of NTD 10Million available for multiple issuances.
Nov., 2022	Sale of land previously occupied by Linf-fen-ying RMC plant.
Dec., 2022	Expansion of RMC network by leasing of Ma-dou RMC plant.

III Report on Corporate Governance

3.1 Organization (Apr. 18, 2023)



Auditing office	Internal Control Auditing Affairs
Cement division	R&D, manufacturing, sales, scheduling, statistics and other related affairs of cement
Ready-mixed concrete division	R&D, manufacturing, sales, scheduling, statistics and other related affairs of concrete
Building materials division	R&D, manufacturing, sales, scheduling, statistics and other related affairs of gypsum board
Microelectronics division	R&D, manufacturing and sales of electronic technology
Finance division	Handling of funds dispatch
Accounting division	Accounting and account processing
Procurement division	Bulk raw material procurement and project planning execution
IT division	Matters related to the planning, execution, and management of computerized operations
Management division	Handling of general affairs, stock affairs, board of directors, shareholders meeting, environmental safety, industrial safety affairs
Human resources division	Handling of staff recruitment, education and training, attendance, salary and labor insurance
Office of president	Planning and execution of projects assigned by the general manager

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

3.2.1 Directors

Apr. 18, 2023

Title	Nationality	Name	Gender / Age	Date of appointment	Tenure	First Appointment	Share held upon appointment		As of date of report, Share held		As of date of report, Share held by spouse and underaged children	
							No. of Share	Ratio	No. of Share	Ratio	No. of Share	Ratio
Chairman	Republic of China	Bo-Chih Investment Co., Ltd.	-	2020.06.15	3 years	2011.06.22	27,893,282	4.26%	27,893,282	4.26%	-	-
		Represented by: HOU, Bo-Yi	Male/ 71~80	-	-	-	-	-	50,888,251	7.79%	22,393,735	3.43%
Director	Republic of China	Sheng-Yuan Investment Co., Ltd.	-	2020.06.15	3 years	2008.12.02	63,355,157	9.98%	65,255,811	9.98%	-	-
		Represented by: HOU, Chih-Sheng	Male 31~40	-	-	-	-	-	116,890	0.02%	-	-
Director	Republic of China	Yu-Sheng Investment Co., Ltd.	-	2020.06.15	3 years	2017.06.14	62,652,464	9.87%	64,532,037	9.87%	-	-
		Represented by: HOU, Chih-Yuan	Male 31~40	-	-	-	-	-	35,066	0.005%	-	-
Director	Republic of China	Hsin-Han Investment Co., Ltd.	-	2020.06.15	3 years	2017.06.14	35,450	0.005%	220,450	0.03%	-	-
		Represented by: CHEN, Jing-Hsing	Male 61~70	-	-	-	-	-	1,120,926	0.17%	-	-
Independent Director	Republic of China	CHAN, Yi-Jen	Male 61~70	2020.06.15	3 years	2017.06.14	-	-	-	-	-	-
Independent Director	Republic of China	HO, Yi-Da	Male 41~50	2020.06.15	3 years	2020.06.15	-	-	-	-	-	-
Independent Director	Republic of China	WANG, Yong-Chun	Male 51~60	2020.06.15	3 years	2020.06.15	-	-	-	-	-	-

Name	Share held under name of third-party		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
	No. of Share	Ratio			Title	Name	Relation	
Bo-Chih Investment Co., Ltd.	-	-	-	-	N/A	N/A	N/A	-
Represented by: HOU, Bo-Yi	-	-	Dept. of Transportation Management, NCKU	◆ Director, Tainan Spining ◆ 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	HOU, Chih-Sheng	Father and Son	Note 1
					Director	HOU, Chih-Yuan	Father and Son	
Sheng-Yuan Investment Co., Ltd.	-	-	-	-	N/A	N/A	N/A	-
Represented by: HOU, Chih-Sheng	-	-	Ph.D, Electrical Engineering, Massachusetts Institute of Technology MS/BS, Electrical Engineering, Biomedical Informatics, Stanford University	◆ Director, Tainan Spin ◆ Director, UCC Investment ◆ Supervisor, Huan-Chung Cement International Co. ◆ Supervisor, Lio-ho Machine ◆ Supervisor, Institute of Information Industry	Chairman	HOU, Bo-Yi	Father and Son	Note 2
					Director	HOU, Chih-Yuan	Sibling	
Yu-Sheng Investment Co., Ltd.	-	-	-	-	N/A	N/A	N/A	-
Represented by: HOU, Chih-Yuan	-	-	BA, Political Science, Columbia University AM, East Asia Studies, Harvard University	◆ Director, Tainan Spining ◆ Director, UCC Investment ◆ Director, Huan-Chung Cement International Co. ◆ Director, Lio-ho Machine ◆ Director, Grand Bills Finance Corp. ◆ Director, Nantex Industry Co., Ltd.	Chairman	HOU, Bo-Yi	Father and Son	-
					Director	HOU, Chih-Sheng	Sibling	
Hsin-Han Investment Co., Ltd.	-	-	-	-	N/A	N/A	N/A	-
Represented by: CHEN, Jing-Hsing	629,850	0.08%	MBA, University of Michigan.	◆ Manager, IT department, President Corporation.	N/A	N/A	N/A	-
CHAN, Yi-Jen	-	-	PhD/EECS, The University of Michigan, Ann Arbor, USA	◆ Chief Technology Officer, Cyntec Co., Hsinchu, Taiwan	N/A	N/A	N/A	-
HO, Yi-Da	-	-	MBA, Sloan School of Management, Massachusetts Institute of Technology	◆ Chairman, YFY Inc.	N/A	N/A	N/A	-
WANG, Yong-Chun	-	-	Bachelor, Dept. of Law, China Culture University	◆ Managing Attorney, Ning-yuan Law Firm	N/A	N/A	N/A	-

Note 1: The Company intend to re-elect the member of the Borad of Directors on the Annual Shareholders' Meeting of 2023 and increase one more seat for Independent Director for compliance with applicable regulation.
Note 2: Dr. Hou, Chih-sheng also held the position of President of the Company.

Major Shareholders of Institutional Shareholders

Apr. 18, 2023

Name of Institutional Shareholder	Main Shareholder of Institutional Shareholder	
	Name	Holding Ratio
Sheng-Yuan Investment Co., Ltd.	HOU, Bo-Yi	99.00%
Bo-Chih Investment Co., Ltd.	HOU, Bo-Yi	50.00%
	HOU, Chih-Yuan	16.56%
	HOU SU, Ching Chieh	33.44%
Yu-Sheng Investment Co., Ltd.	HOU, Bo-Yi	93.59%
	HOU, Chih-Sheng	6.23%
Hsin-Han Investment Co., Ltd.	CHEN, Jing-Hsing	99.00%

Profile of Directors

Apr. 18, 2023

Qualification / Name	Professional qualification and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Directors
Chairman			
Bo-Chih Investment Co., Ltd. Represented by: HOU, Bo-Yi	Since Mr. Hou, Bo-Yi took office of Chairman of the Board, he has led the Company through one of the most profitable times in the history of the Company. Mr. Hou is also on the board of Tainan Spin, Prince Housing & Development, and STUST. Mr. Hou has leveraged his abundant experience in business administration and led the operation of the Company with steady growth and kept supervising long-term development goal when the global community is facing social and economic impact. Under his leadership, the footprint of the Company has extended to fields of application of electronics in medical industry, multinational development alliance of building material business and vitalization idle asset to create higher profit for the investors. Mr. Hou does not possess any of the conditions listed by Article 30 of Company Act.	Not Required	None
Director			
Sheng-Yuan Investment Co., Ltd. Represented by: HOU, Chih-Sheng	Dr. Hou, Chih-Sheng has a PhD. Degree in Electronic Engineering from MIT, USA, Master and bachelor’s degree in Electronic Engineering from Stanford and is the current President of the Company. Dr. Hou was also previously working in Electronic and Optoelectronic System Research Laboratories, Industrial Technology Research Institute. Dr. Hou and his research team had receiver Edison Awards and R&D 100 Awards due to their outstanding research. Dr. Hou recognize high efficiency and accountability as the core of his believe in terms of the management of business and thus keep the Company in the leading positions in terms of the profitability among our peers in the industry in addition to his continuous effort in innovations and steady growth. Dr. Hou does not possess any of the conditions listed by Article 30 of Company Act.		None
Yu-Sheng Investment Co., Ltd. Represented by: HOU, Chih-Yuan	Mr. Hou, Chih-Yuan holds a master’s degree in East Asia Study from Harvard University, a bachelor’s degree in political science from Columbia University. Mr. Hou is currently the Executive VP of the Company and President of Harvard Club of the Republic of China, and also sits on the board of Tainan Spin Ltd., Nantex Industry Co. Ltd., and CHC Resource Co., Ltd. Mr. Hou is in charge of marketing of the Company and dedicated in expanding customer base. Since Mr. Hou took office, he has led to the growth of revenue by our building material sector by 60% and continued on expanding market share domestically and prepared for set foot in North America, Southeast Asia and other oversea market. Mr. Hou does not possess any of the conditions listed by Article 30 of Company Act.	Not Required	None
Hsin-Han Investment Co., Ltd. Represented by: CHEN, Jing-Hsing	Mr. CHEN, Jing-Hsing holds an MBA degree from Michigan University and another master’s degree in computer science from George Washington University. Mr. Chen was the Chief of IT in President Enterprise and a key member of the modernization of infrastructure of the group in the field of ERP, CRM and management of supply chain. Since his presence in President in 1984, Mr. Chen has participated in several multinational business negotiations and a core member in the project of merger with Starbucks. In the meantime, Mr. Chen has also acquired abundant experience in real estate and led the team of performance enhancement in Prince Housing & Development. Mr. Chen can contribute to growth of the Company with his versatile and abundant experience in IT, international M&A, and real estate. Mr. Chen does not possess any of the conditions listed by Article 30 of Company Act.		None
Independent Director			

	CHAN, Yi-Jen	Dr. Chan is currently the Chief Officer of Technology of Cyntec Co., Ltd., a Delta Group Company, and held the office of Chief Officer of Strategy of Hermes-Epitek Corp. from 2016 to 2018 and office of CEO of EPISIL Holding Inc. from 2013 to 2016. Dr. Chan is the renowned expert of high-speed and power semiconductor and contributes to the governance of the enterprise with his abundant experience in strategical planning. During his time serving as independent director, he also assists in cooperation between the electronic production section of the Company and internationally renowned manufacturers. Dr. Chan does not possess any of the conditions listed by Article 30 of Company Act.	All independent directors of the Company are verified to comply with the independency requirement stipulated by Art. 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"	None
	HO, Yi-Da	Mr. Ho is currently the Chairman of YFY Consumer Products Co. Ltd. and has served in AT Kearney and former Citigroup Salomon Brothers. Mr. Ho has held various executive positions within the group of YFY, including business of consumer products, packaging and international radio frequency and CEO of E ink Co. Ltd. Mr. Ho contributes to the board with his unique insight into the organization of the Company and diversified dynamics for growth of core business of the Company as well as professional advice in financial planning, corporate governance and expansion of oversea business. Mr. Ho does not possess any of the conditions listed by Article 30 of Company Act.		None
	WANG, Yong-Chun	Mr. Wang is a licensed attorney in Taiwan with abundant experience of practice of law. Mr. Wang does not possess any of the conditions listed by Article 30 of Company Act.		None

3.2.1.2 Diversity and independence of the Board

3.2.1.2.1 Diversity of the Board

It is stipulated in Art. 20.3 of "Corporate Governance Best Practice Principles of UCC" that it is the duty of the Company to ensure the diversity of the board of the Company. It is fully considered, upon selection, that all candidates of the board member have equipped with the diversified backgrounds stipulated by the rule cited above to ensure the diversity goal of the board members are met.

The board consists of 7 members including three independent directors and one of which was reelected while the rest are new to the board. As to the age structure of the board, one of which is within range of 71 to 80, two of which is within range of 61 to 70, one of which is within range of 51 to 60, one of which is within range of 41 to 50 while the rest of the two is within range of 31 to 40. In addition to possessing the knowledge in the profession required by the operation of the Company, the members of the board also equipped with diversified background in Finance, Law and other professional fields which would benefit the governance of the Company and strengthen the management of operation, supervision, and evaluation of execution of managerial policy and operation strategy.

3.2.1.2.2 Independence of the Board

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

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

Apr. 18, 2023

Position	Nationality	Name	Gender	Date of Appointment	Share Held		Share held by spouse and under aged 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	Director, Tainan Spin Director, UCC Investment Supervisor, Huanchung Cement International Corporation Supervisor, Lio-ho Machine Supervisor, Institute of Information Industry	Chairman Executive VP	HOU, Bo-Yi HOU, Chih-Yuan	Father and Son Sibling	-
Executive Vice President	R.O.C.	HOU, Chih-Yuan	Male	2020.07.01	35,066	0.005%	-	-	-	-	BA, Political Science, Columbia University AM, East Asia Studies, Harvard University	Director, Tainan Spining Director, UCC Investment Director, Huanchung Cement International Corporation Director, Lio-ho Machine Director, Grand Bills Finance Corp. Director, Nantex Industry Co., Ltd.	Chairman President	HOU, Bo-Yi HOU, Chih-Sheng	Father and 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	Director, Lio-ho Machine Supervisor, UCC Investment Director, Universal Concrete Industrial Corporation Chairman, Chiayi Concrete Industrial Corporation	-	-	-	-
Asst. VP, Sales Division	R.O.C.	CHAN, Chih-hung	Male	2015.03.24	-	-	-	-	-	-	Dept. of Industrial Management, National Taiwan Institute of Technology	Director, Huanchung Cement International Corporation	-	-	-	-
Director, Accounting Division	R.O.C.	TSENG, Pei-Hsin	Female	2019.05.01	-	-	-	-	-	-	Dept. of Accounting, Ming-Chuan University	-	-	-	-	-
Asst. VP, Office of President	R.O.C.	CHANG, Pei-Te	Male	2022.04.01	-	-	-	-	-	-	Dept. of Finance, National Taiwan University	Director, Universal Concrete Industrial Corporation Supervisor, Tainan Concrete Industrial Corporation	-	-	-	-
Asst. VP , Building Material Division	R.O.C.	KAO, Tsung-Yao	Male	2020.04.10	-	-	-	-	-	-	Dept. of Chemical Engineering, Nan-Tai Junior College of Engineering	Director, Tainan Concrete Industrial Corporation Supervisor, Universal Concrete Industrial Corporation	-	-	-	-
Plant Manager, Ah-Lien Cement Plant	R.O.C.	CHEN, Heng-Chuan	Male	2019.08.01	-	-	-	-	-	-	Master, Institute of Earth Sciences, National Taiwan Ocean University	Supervisor, Kaohsiung Harbor Transport Company	-	-	-	-
Plant Manager, Haihu Gypsum Board Plant	R.O.C.	WU, Chong-Lun	Male	2020.11.1	-	-	-	-	-	-	Dept. of Marine Engineering, China Maritime College	-	-	-	-	-
Chief Supervisor, Ready-mixed Concrete Division	R.O.C.	CHOU, Shih-Kuei	Male	2019.08.01	-	-	-	-	-	-	Dept. of Chemistry, National Cheng-Kung University	Chairman, Universal Concrete Industrial Corporation Chairman, Tainan Concrete Industrial Corporation Director, Chiayi Concrete Industrial Corporation	-	-	-	-

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								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration Received by Directors as Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
																The company		All companies in the consolidated financial statements				
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Cash	Stock Value in Cash	Cash	Stock Value in Cash	The company	All companies in the consolidated financial statements	
Chairman	Bo-Chih Investment Inc.	0	0	0	0	31,290	31,290	3,104	3,104	34,394 (1.68%)	34,394 (1.68%)	25,351	25,351	0	0	4,445	0	4,445	0	64,190 (3.14%)	64,190 (3.14%)	None
	Represented by: HOU, Bo-Yi																					
Director	Sheng-Yuan Investment Inc.																					
	Represented by: HOU, Chih-Sheng																					
Director	Yu-Sheng Investment Inc																					
	Represented by: HOU, Chih-Yuan																					
Director	Hsing-Han Investment Inc																					
	Represented by: CHEN, Jing-Hsing																					
Independent Director	CHAN, Yi-Ren	0	0	0	0	0	0	1,590	1,590	1,590 (0.08%)	1,590 (0.08%)	0	0	0	0	0	0	0	0	1,590 (0.08%)	1,590 (0.08%)	
Independent Director	HO, Yi-Da																					
Independent Director	WANG,Yong-Chun																					

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements (I)
Less thanNT$ 1,000,000	CHAN-Yi-Ren, HO-Yi-Da, WANG-Yong-Chun	CHAN-Yi-Ren, HO-Yi-Da, WANG-Yong-Chun	CHAN-Yi-Ren, HO-Yi-Da, WANG-Yong-Chun	CHAN-Yi-Ren, HO-Yi-Da, WANG-Yong-Chun
NT$1,000,000 ~ NT$1,999,999				
NT$2,000,000 ~ NT$3,499,999				
NT$3,500,000 ~ NT$4,999,999	HOU-Chih-Sheng , HOU-Chih-Yuan , CHEN, Jing-Hsing	HOU-Chih-Sheng , HOU-Chih-Yuan , CHEN, Jing-Hsing	CHEN, Jing-Hsing	CHEN, Jing-Hsing
NT$5,000,000 ~ NT$9,999,999				
NT$10,000,000 ~ NT$14,999,999			HOU-Chih-Sheng , HOU-Chih-Yuan	HOU-Chih-Sheng , HOU-Chih-Yuan
NT$15,000,000 ~ NT$29,999,999	HOU-Bo-Yi	HOU-Bo-Yi		
NT$30,000,000 ~ NT$49,999,999			HOU-Bo-Yi	HOU-Bo-Yi
NT$50,000,000 ~ NT$99,999,999				
Greater than or equal to NT$100,000,000				
Total	7	7	7	7

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	5,880	5,880	0	0	9,921	9,921	2,778	0	2,778	0	18,579 (0.91%)	18,579 (0.91%)	None
Executive Vice President	HOU, Chih-Yuan													

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

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	-	4,900	4,900	4,900 (0.24%)
	President	HOU, Chih-Sheng				
	Executive Vice President	HOU, Chih-Yuan				
	Chief Supervisor, Ready-mixed Concrete Division	CHOU, Shih-Kuei				
	Vice President, Finance Division, CFO	YANG, Tsung-Jen				
	Asst. VP Sales Division	CHAN, Chih-Hung				
	Asst. VP, Building Material Division	KAO, Tsung-yao				
	Asst. VP, Finance Division	TSAI, Wen-Chang				
	Asst. VP, Office of President	CHANG, Pei-Te				
	Director, Accounting Division (Head of Accounting)	TSENG, Pei-Hsin				

3.3.5 Analysis on the Remuneration 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 2022 was 3.17% (comparing to Net Income of the Company) and 3.17%(comparing the Net Income of all companies in consolidated financial report). The ratio for year of 2021 was 4.97% (comparing to Net Income of the Company) and 4.97% (comparing the Net Income of all companies in consolidated financial report).

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

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

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

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

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

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

There are 5 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	5	0	100%	NA
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%	
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: None
   (2) Other than the aforementioned, any resolution to which the independent hold opposing position against or reservation and were recorded or made recorded in written: None.
2. In the case where a director needs to recuse himself/herself, please specify the name of the director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution: None.
3. The implementation of the peer evaluation of the Board :

Evaluation frequency	Evaluated period	Evaluation scope	Evaluation method
Annually	2022.01.01~2022.12.13	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 four (4) meetings of the Auditing Committees held in the year reported. Members' attendance is reported as follows:

Name	Attendance		Attendance Rate	Remark
	In Person	By Proxy		
CHAN, Yi-Ren	4	0	100%	NA
HO, Yi-Da	4	0	100%	
WANG, Yong-Chun	4	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 BOD meetings	Content of the Resolution	Resolution of the Committee	Actions of the Company
14th meeting of 23th BOD held on Mar. 28, 2022	Financial Report for year of 2021	Resolved by the Committee with unanimous approval by all members presented and advice to submit to the Board of Directors.	Resolved by the board with unanimous approval by all directors presented. The company executed as per board's resolution.
	Ratification of "Regulations Governing the Acquisition and Disposal of Assets"		
18th meeting of 23th BOD held on Nov. 9, 2022	Ratification of Protocol of Internal Control	Resolved by the Committee with unanimous approval by all members presented and advice to submit to the Board of Directors.	Resolved by the board with unanimous approval by all directors presented. The company executed as per board's resolution.

   (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: None.

2. In case of recusal of Independent Directors due to conflict of Interest, please specify the name of the independent director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution: None.
3. Communication between the Independent Directors and Chief of Internal Audit / CPA:

   (1) An audit report with following up is submitted to the members of the committee for review. The members of the committee are, at their discretion, request to review the data on the business operation and financial status of the Company.

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

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

Date	Topic	Participants	Items discussed	Result
Mar. 28th	Communication – Summary on Audit of Financial Report	Dr. Yi-ren Chan, Independent Director. HO, Yi-Da, Independent Director WANG, Yong-Chun, Independent Director LEE, Chi-Chen, CPA	Summary report on the audit result for year of 2021: ● Summary of error audited. ● Audit result on significant risk ● Key auditing items for individual and consolidated financial report.	Independent Directors unanimously hold no objection to matters reported.
	Close meeting between independent directors and	Dr. Yi-ren Chan, Independent Director. HO, Yi-Da, Independent Director	Implementation of Audit conducted for 4th quarter of 2021 and discrepancies audited and redial actions taken.	Independent Directors unanimously hold no objection to matters reported.

		Chief of Auditing	WANG, Yong-Chun, Independent Director CHIANG, Hai-Wei, CPA			
	Nov. 9^{th}	Communication – Planning of Audit of Financial Report	Dr. Yi-ren Chan, Independent Director. HO, Yi-Da, Independent Director WANG, Yong-Chun, Independent Director LEE, Chi-Chen, CPA	Summary report on Audit plan for year of 2022: ● Composition of Financial Report by the Company. ● Scope and method applied to audit on the Group of companies. ● Identification and countermeasure for significant risk. ● Major transactions of the year. ● Audit Quality Index	Independent Directors unanimously hold no objection to matters reported.	
		Close meeting between independent directors and Chief of Auditing	Dr. Yi-ren Chan, Independent Director. HO, Yi-Da, Independent Director WANG, Yong-Chun, Independent Director CHIANG, Hai-Wei, CPA	Implementation of Audit conducted for 3^{rd} quarter of 2022 and discrepancies audited and redial actions taken.	Independent Directors unanimously hold no objection to matters reported.	

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
	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”?	ˇ		The Company has adopted “Corporate Governance Best-Practice Principles” by reference to “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and disclosed on website of Market Observation Post System and the Company.	No major deviation identified.
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	ˇ		The Company has appointed spokesperson, deputy spokesperson and shareholders’ affair unit to respond to advice and dispute raised by shareholders.	No major deviation identified.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	ˇ		The Company keeps track of list of major shareholders and its controller and disclose monthly pursuant to relevant regulation.	No major deviation identified.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	ˇ		The Company has established policies for managements and control of subsidiaries by specially appointed unit pursuant to Internal Control system, protocol and operation guidelines and relevant regulations.	No major deviation identified.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	ˇ		The Company has adopted “Procedure Dealing with Internal Material Information” to prevent insider from trading of securities by leveraging unpublished information.	No major deviation identified.
3. Composition and Duties of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	ˇ		The Company has considered from many aspects during the nomination and selection of candidates of directors to assure the appointee possess quality that might benefit the Company.	No major deviation identified.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		ˇ	In addition to setting up the Remuneration Committee and the Audit Committee in accordance with the law, the company also voluntarily sets up an Cyber Security Management Committee, a Risk Management Committee, and a Sustainable Development Committee.	No major deviation identified.
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	ˇ		The Company has conducted a peer evaluation among members of the BOD and functional committees for the year of 2022. The result is reported on meeting of Board of Directors on March 16, 2023.	No major deviation identified.

(4) Does the company regularly assess the independence of CPA certifying the financial report of the Company?	ˇ		The Accounting Department of the Company evaluates independency of the CPA annually. The result is submitted to the BOD meeting and approved on March 16, 2023. It is the conclusion of the Company that CPA Ms. LEE, Chi-Chen and Mr. YANG, Chao-Chin has satisfied the standard of independency recognized by the Company(Note 1).	No major deviation identified.
4. Does the company establish specialized units or dedicated members and personnel responsible for corporate governance affairs, as well as carrying out key actions and reporting statuses (e.g. : including but not limited to provide the information that 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.)	ˇ		The Board of Directors has appointed Mr. YANG, Tsung-Jen to be the Chief Officer of Corporate Governance on its meeting on August 11, 2020 effective from January 1, 2021.	No major deviation identified.
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?	ˇ		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.	No major deviation identified.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	ˇ		The Company has delegated the shareholder service to a professional service agency - Department of Stock Agency, SinoPac Securities Inc., effective from Apr. 8, 2021.	No major deviation identified.
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, 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,			The Company had designated personnel responsible for collections and publications of various information pursuant to applicable regulations as well as information regarding Spokesman. Investors can access to financial, business operation, and corporate governance information on MOPS website.	No major deviation identified.

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)?	ˇ		1. Benefit and Care for Employee The Company has always led the employee with integrity and establish close bond with employee with various benefits and on-job training. For more implementation, please review the company's website: "Sustainable→ Employee Benefits 2. Investor Relationship： The Company has appointed Spokesman and deputy spokesperson. The Company has endeavored to maintain effective communication with investors via full disclosure of information on MOPS website and participation on AGM. For more implementation, please review the company's website: "Investors". 3. Supplier: The Company and its supplier maintain good relationship to ensure competitive and stable supply for the Company. In addition, we dedicate to building healthy partnership with reciprocal dynamics to maintain a reliable chain of supply. The Company also conducts ad hoc auditing on the supplier to ensure the quality of supply. 。 For more implementation, please review the company's website: Sustainable→ Rights of Stakeholders 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. For more implementation, please review the	No major deviation identified. No major deviation identified. No major deviation identified. No major deviation identified.

			company's website: Sustainable→ Rights of Stakeholders 5. Training for Directors: The Company encourages directors to participate trainings offered by qualified institutions as individual directors sees the topic complies with the need and also offer suggestions to directors and help organizing as needed. For more implementation, please review the company's website: Corporate Governance → 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. For the full policies and strategies, please view the company's website: Corporate Governance→ Risk Management. 7. Customer Management Policy： The Company has implemented a credit allowance system for each clients, maintain a comprehensive records of transactions with each clients to decide appropriate credit and payment terms to ensure smooth transaction. The Company also follow ISO quality assurance system during production to ensure the compatibility with product standard as well as the interest of the client and consumer. It is also the top priority of the Company to enhance the protection on the privacy of the client with random internal audit to make sure all measures remains effective. For the full policies and strategies, please view the company's website: Corporate Governance→ Risk Management. 8. Insurance for Directors The Board of Directors has approved on its meeting on May. 10, 2022, to insure the members of the board for its liability during executing its duty.	 No major deviation identified. No major deviation identified. No major deviation identified. No major deviation identified.

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 2022 Evaluation on Corporate Governance published by TWSE, the Company will take into account the result and evaluate and form action plans for improvement.

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

Item Assessed	Ms. LEE, Chi-Chen, CPA	Mr. YANG, Chao-chin, CPA
1. Profile	Ms. LEE, Chi-Chen is currently a certified public accountant in the Tainan of Deloitte & Touche. She joined Deloitte in 1990 and then got the license of Taiwan CPA in 1999. In 2004, he was promoted to Audit Partner.	Mr. YANG, Chao-chin 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.
2. No significant financial interest related to the company.	v	v
3. Avoid any inappropriate relationship related to the company.	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
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
6. Accountants must not use their own name for others	v	v
7. No shares of the company	v	v
8. No money loan with our company	v	v
9. No joint investment or interest-sharing relationship with the company.	v	v
10. No part-time job or fixed salary of the company.	v	v
11. Must not involve the management function of the company in making decisions.	v	v
12. Do not charge commissions related to the business.	v	v
13. Do not concurrently operate other businesses that may lose independence.	v	v
14. Accountants should ensure that their assistants are honest, impartial, and independent.	v	v

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

1. Profile of Members of the Remuneration Committee

2023.04.18

<table>
<tr><th colspan="2">Qualification
Identity / Name</th><th>Professional Qualification and Experience</th><th>Independence</th><th>Number of Companies in which the member served as member of Remuneration Committee</th></tr>
<tr><td>Independent Director, Chairman</td><td>HO, Yi-Da</td><td>Mr. Ho is currently the Chairman of YFY Consumer Products Co. Ltd., and has served in AT Kearney and former Citigroup Salomon Brothers. Mr. Ho has held various executive positions within the group of YFY, including business of consumer products, packaging and international radio frequency and CEO of E ink Co. Ltd.. Mr. Ho contributes to the board with his unique insight into the organization of the Company and diversified dynamics for growth of core business of the Company as well as professional advices in financial planning, corporate governance and expansion of oversea business. Mr. Ho does not possess any of the conditions listed by Article 30 of Company Act.</td><td rowspan="2">The members of the committee meet the independence requirement stipulated by Art. 6 of “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”</td><td>None</td></tr>
<tr><td>Independent Director</td><td>CHAN, Yi-Ren</td><td>Dr. Chan is currently the Chief Officer of Technology of Cyntec Co., Ltd., a Delta Group Company, and held the office of Chief Officer of Strategy of Hermes-Epitek Corp. from 2016 to 2018 and office of CEO of EPISIL Holding Inc. from 2013 to 2016. Dr. Chan is the renowned expert of high-speed and power semiconductor and contributes to the governance of the enterprise with his abundant experience in strategical planning. During his time serving as independent director, he also assists in cooperation between the electronic production section of the Company and internationally renowned manufacturers. Dr. Chan does not possess any of the conditions listed by Article 30 of Company Act.</td><td>None</td></tr>
</table>

Member	CHANG, Wen-Chang	Dr. Chang, Wen-chang holds a PhD degree in Pharmacy from Dept. of Pharmacy of Tokyo University, Japan and was elected as Academician of Academia Sinica. Dr. Chang is currently the Chairman of the Board of Taipei Medical University and former Vice-Chairman of National Science Council. Under the leadership of Dr. Chang, TMU has become the top private medical school in Taiwan and expand the number of hospital to seven which contribute to the economic scale of the researches conducted. Dr. Chang’s abundant experience has offered valuable assistance to the Company.		None

2. Implementation Status of the Remuneration Committee

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

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

The Committee held 2 meetings in the year reported with attendance record as follow,

Position	Name	Attendance		Attendance Rate (%)	Remark
		In Person	By Proxy		
Chairperson	HO, Yi-Da	2	0	100%	–
Member	CHAN, Yi-Ren	2	0	100%	
Member	CHANG, Wen Chang	2	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 2022.

Date and Terms of the meetings	Agenda	Recommendation	Actions by the Company
6th meeting of 4th Term, held on Mar. 28	1. Review of the remuneration policy structure for Directors and Managers and Key Performance thereof for the year of 2022. 2. Review of distribution of remuneration of employee and directors 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.
7th meeting of 4th Term, held on Nov. 9	1. Amendment of "Rules Governing the Distribution of Bonus to Employees of UCC" 2. Review of salary, key performance evaluation , remuneration and bonus policies to be adopted of 2023. 3. Review of the remuneration of Directors of 2023 4. Review of the salary and bonus distributable to the managers in 2023. 5. Discussion of working plan of the committee for the year of 2023.	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. Member of the Nomination Committee and Operation thereof：None.

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

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish exclusively (or concurrently) dedicated unit authorized by the Board to be in charge of enforcing sustainable development and the execution be supervised by the Board?	ˇ		1. The company's Chairman chairs sustainable development committee to give guidance in sustainable development; the President and heads of divisions are in charge of long term operations. 2. (1) The Board of approved the appointment of the Office of President as the CSR responsible unit on August 11, 2020 and the unit was renamed to sustainable development responsible unit in March, 2022. (2) Sustainable development responsible unit comprises the head of department and dedicated staff in charge of the policies, implementation, risk management, education and training for sustainable development. For more implementation, please review the company's website: "Sustainable Development" (3) Sustainable development responsible unit reports the implementation to the Board at least once a year. The latest reporting date: March 16, 2023. For the full report, please view the company's website: "Corporate Governance" → "Operation of the Board's meeting." 3. The management team reports to the Board on the	None.

<table>
<tr><th rowspan="2">Action Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>company’s ESG sustainable development at least once a year and the strategies and implementations of ESG sustainable development are regularly reviewed and supervised by the Board.</td><td></td></tr>
<tr><td>2. 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?</td><td>ˇ</td><td></td><td>1. The company makes risk assessment based on major issues such as environment, society and governance, negotiates with stakeholders, and establishes policies on ESG issues and risk management. For the full policies and strategies, please view the company’s website: “Corporate Governance” → “Risk Management.”
2. The following information covers the sustainable development performance of the company’s main sites in 2022. The risk assessment covers the parent company.</td><td>None.</td></tr>
<tr><td>3. Environmental issues
(1) Does the company establish proper environmental management systems based on the characteristics of its industries?</td><td>ˇ</td><td></td><td>1. The company established environment protection measures including scrappage of old diesel cars in accordance with Environmental Protection Administration, Executive Yuan, regular inspection and retirement of energy-intensive facilities, local procurement of main materials, recycling process wastewater for road sprinkling to decrease air pollution. For the full measures, please view the company’s website: “Sustainable development” → “Energy Saving and</td><td>None.</td></tr>
</table>

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			Carbon Reduction” → “Policy on Environmental Management.” 2. Verification: The company’s subsidiary Uneo Inc. is ISO 14001 certificated on November 27, 2022.	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	ˇ		The company has endeavored to make the production line more efficient and eco-friendly to reduce the impact and burden of the environment. For the policy and achievement of energy saving and carbon reduction, the consumption of electricity and water, the amount of waste, please view the company’s website: “Sustainable development” → “Energy saving and carbon reduction” →“Policy on environmental management.”	None.
(3) Does the company evaluate the potential risks and opportunities under climate change and take measures in response to climate related issues? (4) Does the company record greenhouse gas emissions, water consumption, and weight of waste	ˇ ˇ		Sustainable development committee is the company’s highest organization in charge of climate change issues. As the chair of the committee, the company’s Chairman reviews the strategies, goals, risks, opportunities, plans and action on climate change and reports to the Board. The company assesses the risks and opportunities of climate change according to the TCFD structure published by Financial Stability Board (FSB). The latest assessment was finished in 2022. For the full assessment, please view the company’s website: “Sustainable Development” → “TCFD.” 1. The past two years’ indirect greenhouse gas emission, consumption of water,	None. None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
over the last two years and establish policies on energy efficiency, reduction of carbon dioxide and greenhouse gas, water-saving and other waste management?			amount of non-toxic waste, intensity of energy and water are disclosed on the company’s website: “Sustainable development” → “Energy saving and carbon reduction”, “Greenhouse gas emission, water and the waste.” 2. For the policy and achievement of energy saving and carbon reduction, the consumption of electricity and water, the amount of waste, please view the company’s website: “Sustainable development” → “Energy saving and carbon reduction” → “Policy on environmental management.” 3. The following information covers the company’s main sites. 4. Greenhouse gas emission inventory will be finished in 2023 and acquire verification in 2024.	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	ˇ		1. The company not only complies with local regulations but also upholds the internationally-recognized human rights for labor and respects the United Nations Universal Declaration on Human Rights, the International Labor Organization’s fundamental conventions on core labor standards, the International Covenant on Civil and Political Rights and the International Covenant on Economic Social and Cultural Rights.	None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			The company formulates human rights policies and expects all the business partners to comply with them. 2. For more specific measures, please view the company's website: "Sustainable development" → "Human Rights Policy."	
(2) Does the company have reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately reflect the business performance or results on the employee remuneration policy?	ˇ		1. The company stipulates employee benefit measures and reflects business performance on employees' remuneration. For the full policy and measures, please view the company's website: "Sustainable Development" → "Employee Benefit Measures." 2. In 2022, the company's female employment rate was 19.10% and female supervisor rate was 6.57%.	None.
(3) Does the company provide employees with a safe and healthy working environment and regularly organize training on health and safety?	ˇ		1. The company conforms to government regulations on labor health and safety, formulating corresponding measures, holding training courses, offering protective equipment, and making annual environmental inspection by external units and re-inspection by the fire department. Also, the supervisors and the personnel of environmental safety and health manage and inspect operating fields by patrolling every day, controlling deficiencies, following up on improvement, and regularly reporting to the President at monthly meetings.	None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			2. Verification: None. 3. In 2022, the company had 2 cases of occupational accidents, with the number of 2 employees, accounting for 0.37% of the total employment.	
(4) Does the company have an effective career development training program for employees?	ˇ		The company not only assesses and provides feedback on employees' skills and interests, but also offers training and development activities that match their career development objectives and job needs. For the full training programs, please view the company's website: "Sustainable Development" → "Employee Benefit Measures."	None.
(5) Does the company follow relevant laws, regulations and international guidelines for customer health and safety, customer privacy, and marketing or labeling of products and service, and also formulate customer protection policies and procedures for consumer complaints?	ˇ		The company not only complies with local regulations and relevant international standards to label and promote products, but also provides customer service through email and hotline responding to consumer's queries and grievances to improve products and service efficiency. For the customer service and customer relationship performance, please view the company's website: "Sustainable Development " → "Stakeholders."	None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(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.	ˇ		The company established the supplier management policy to require suppliers to enforce environment protection, occupational safety and health, and labor rights. The company carries out the supplier evaluation at least once a year. For the full policy and implementation, please view the company's website: "Corporate Governance" → "Supplier management."	None.
5. Does the company adopt internationally recognized standards or guidelines in the preparation of sustainability reports disclosing its non-financial information? Does the report above obtain assurance from a third party verification unit?	ˇ		1. The company's Sustainability reports are written on the basis of the GRI Standards and SASB's Construction Materials Standards. 2. The CPA firm of Legendary & Steadfast Accountancy will be retained to provide an independent limited assurance of the 2022 sustainability report based on the standards in TWSAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", established in accordance with ISAE 3000 and issued by Taiwan's Accounting Research and Development Foundation.	None.
6. If the company has established its own sustainable development principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and the discrepancies if there's any: None.				
7 Other important information facilitating understanding of the state of sustainable development implementation: The company endeavors to carry out environmental protection, contribute to community activities and industry events, and donate to schools or charity organizations. Please view the company's website: "Sustainable Development" → "Stakeholders."				

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?	ˇ ˇ		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 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.	None.
(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	ˇ		The company has always been committed to business integrity and does not engage in business activities involving unethical conducts in the scope of business. The Office of the President regularly analyzes and evaluates the risks of dishonest behavior within the business scope and formulates the "Integrity Management Operating Procedures and Behavior Guidelines" accordingly. Such reviews cover at least the preventive measure	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	
Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?			described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.	
(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?			The company has clear stipulations and ethical business conduct and relevant guidelines covering code of conducts, whistleblowing, punitive measures for violations, and grievances in company articles and systems, such guidelines include the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for conduct,” “Whistleblowing Procedures of Unethical Behaviors,” and “Guidelines to Employee Grievances.”. The company has established “Code of Ethical Conduct” for the Directors and Managers of the company to adhere to. The adequacy and effectiveness of regulations and policies or ethical business conduct are reviewed on a regular basis.	None.
2. Implementation of operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	ˇ		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	ˇ		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	None.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Abstract Illustration</th></tr>
<tr><td>(at least once a year) to the Board of Directors while overseeing such operations?</td><td></td><td></td><td>unethical conducts. The company reports the implementation of the above to the Board on March 16, 2023. The frequency of report is at least once a year.</td><td></td></tr>
<tr><td>(3) Does the company establish and implement policies to prevent conflicts of interest and provide appropriate communication channels?</td><td>ˇ</td><td></td><td>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.</td><td>None.</td></tr>
<tr><td>(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?</td><td>ˇ</td><td></td><td>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</td><td>None.</td></tr>
</table>

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	
			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.	
(5) Does the company regularly hold internal and external educational training on ethical management?	ˇ		The company regularly conducts education and training related to ethical management to employees so that they can fully understand the company's determination, policies, prevention plans and the consequences of violations of unethical behavior. The ethical management education and training in 2022 is with a total participant of 483.	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?	ˇ		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?	ˇ		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.

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	
(3) Does the company provide proper whistle-blower protection?	ˇ		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 MOPS?	ˇ		The company discloses its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" as well as other related measures on its website and the TWSE's Market Observation Post System website.	None.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. There has been no difference.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None. Please view the company's website: "Corporate Governance" → "Integrity management."				

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. Chief Officer of Corporate Governance

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

Profile of Chief Officer of Corporate Governance

Name: Yang, Tsung-Jen

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

Continuing Education: 12 hours qualified education for 2022.

Institution	Courses	Date		Hour
		From	To	
Independent Director Association Taiwan	In-depth analysis of impact and risk financial statement on business operation – from CFO's perspectives.	2022/9/28	2022/9/28	3.0
Securities & Futures Institute	Seminar on legal compliance regarding insider trading	2022/10/19	2022/10/19	3.0
Securities & Futures Institute	Advance Seminar for Directors, Supervisor and Chief of Corporate Governance – Analysis of corporate financial information and application to policy making	2022/10/28	2022/10/28	3.0
Taiwan Corporate Governance Association	Seminar on trend of ESG and risk management by Fubon Insurance	2022/11/03	2022/11/03	3.0

2. Scope of Corporate Governance

(1) To keep members of the board updated with latest development of the regulations in the field which the Company operates or field of Corporate Governance.

(2) To assist Board member in continuing education. Evaluate appropriate proposal of "Liability Insurance for Directors" and report to the Board of Directors.

(3) To convene ad hoc meetings among CPA, independent directors, chief internal auditor for the implementation of internal control system.

(4) To coordinate and manage the agenda of Board of Directors meeting, and other administrative matters. To remind any applicable directors if the conflict of interests exist. To furnish and circulate meeting minutes within 20 days of the meeting.

(5) To carry out the goal of corporate governance and perform an annual evaluation on the performance of the Board as a whole and individual directors according to "Performance Evaluation Policy of the Board of Directors and Functional Committee" and delegate such evaluation to an external professional institute at least once every 3 years.

(6) To register the date of Annual General Meeting of Shareholders, issue a notice of AGMS, Agenda Handbook and meeting minutes pursuant to timeframe stipulated by

applicable laws.

(7) To carry out the goal of Corporate Governance and improve the performance of Corporate Governance Assessment.

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

3.4.9 Implementing the internal control system

1. Statement of internal control

Universal Cement Corporation

Statement of Internal Controls

Date: 3/16/2023

With regards to results of the 2022 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, 2022 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 16, 2023 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 If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year and during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings, during the most recent fiscal year and during the current fiscal year up to the publication date of the annual report:

1. Shareholders' Meeting

Implementation of resolutions of 2022 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 2021.**

RESULT OF VOTES:

Total number of Shares presented at AGM 423,284,840shares

	Number of shares Voted at the AGM
For	417,992,440
Against	190,017
Void	0
Abstain	5,102,383

RESOLUTION: Approval rate to total number of shares presented 98.74%. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

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

PROPOSITION 2: **Acknowledging Distribution of Dividend for the year of 2021.**

RESULT OF VOTES:

Total number of Shares presented at AGM 423,284,840shares

	Number of shares Voted at the AGM
For	418,439,819
Against	218,502
Void	0
Abstain	4,626,519

RESOLUTION: Approval rate to total number of shares presented 98.85%. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

IMPLEMENTATION: All dividend for the year of 2021 has been distributed on Aug. 8, 2022 at the rate of 1 NTD per share.

Matters for Discussion I:

PROPOSITION 1: Ratification of Article of Association of the Company.

RESULT OF VOTES:

Total number of Shares presented at AGM 423,284,840shares

	Number of shares Voted at the AGM
For	418,430,323
Against	217,980
Void	0
Abstain	4,636,537

RESOLUTION: Approval rate to total number of shares presented 98.85%. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

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

PROPOSITION 2: Ratification of "Regulations Governing Loaning of Funds".

RESULT OF VOTES:

Total number of Shares presented at AGM 423,284,840shares

	Number of shares Voted at the AGM
For	407,127,802
Against	11,508,872
Void	0
Abstain	4,648,166

RESOLUTION: Approval rate to total number of shares presented 96.18%. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

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

PROPOSITION 3: Ratification of "Regulations Governing Acquisition and Disposal of Assets"

RESULT OF VOTES:

Total number of Shares presented at AGM 423,284,840shares

	Number of shares Voted at the AGM
For	407,163,836
Against	11,484,692
Void	0
Abstain	4,636,312

RESOLUTION: Approval rate to total number of shares presented 96.19%. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

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

PROPOSITION 4: Ratification of "Rules of Procedure for Shareholders Meetings"

RESULT OF VOTES:

Total number of Shares presented at AGM 423,284,840shares

	Number of shares Voted at the AGM
For	418,155,250
Against	193,281
Void	0
Abstain	4,636,309

RESOLUTION: Approval rate to total number of shares presented 98.78%. The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

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

2. Meeting of Board of the Directors

The Board of Directors has convened 5 meetings for the year of 2022 with summary of major resolutions as follow,

(1)The 23rd Board has adopted in its 14th meeting on Mar. 28, 2022 the following, Proposal of Bonus to Directors and Employee for the year of 2021, Operation Report, Individual Financial Report and Consolidated Financial Report of the Company for the year of 2021, Distribution of Dividend for the year of 2021, Call for 2022 Shareholders' Meeting, 2021 Statement on Internal Control, Loan of Funds to Subsidiary, Evaluation of Independence and Qualification of the CPA, Amendment of "Regulations Governing the Acquisition and Disposal of Assets" of the Company, Approval of Fee of Engagement of CPA for Auditing of Financial Report, Amendment of "Rules Internal Control Systems" of the Company, Amendment of "Rules of Procedure for Shareholders Meetings" of the Company, Promotion of Executives of the Company, Amendment of "Sustainable Development Best Practice Principles" of the Company

(2)The 23rd Board has adopted in its 15th meeting on May. 10, 2022 the following, Consolidated Financial Report of the Company for Q1 of 2021, Appointment of Chief Information Security Officer.

(3)The 23rd Board has adopted in its 16th meeting on June 14, 2022 the following, Authorization to Chairman for deciding record date for distribution of dividend and the date of distribution.

(4)The 23rd Board has adopted in its 17th meeting on Aug 10, 2022 the following, Consolidated Financial Report of the Company for Q2 of 2021, Loan of Funds to Subsidiary,

(5)The 23rd Board has adopted in its 18th meeting on Nov 9, 2022 the following, Consolidated Financial Report of the Company for Q3 of 2021, Proposal of implementation of Internal Auditing for 2023, Amendment of "Internal Auditing – Information Management" Amendment of "Procedures for Handling Material Inside Information" of the Company, Amendment of "Rules Governing the Distribution of Bonus to Employees of UCC, Recognition of Asset Impairments, Appointment of Chief Information Security Officer.

3.4.12 Dissenting opinion against resolutions of the Board of Directors meeting made by Directors with record or by submission in writing and its content, during the most recent fiscal year and during the current fiscal year up to the publication date of the annual report: None.

3.4.13 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, during the most recent fiscal year and during the current fiscal year up to the publication date of the annual report: None.

3.5 Information of CPA Service Fee

Unit: NT$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	LEE, Chi-Chen YANG, Chao-Chin	2022.01.01 ～ 2022.12.31	2,790	190	2,980	Note

Note: Non-audit fee including -Transfer Pricing report

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

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

3.6 Information on Replacement of CPAs

3.6.1. Information regarding the former CPAs

<table>
<tr><td>Date of replacement</td><td colspan="4">Approved by BOD meeting on March 23, 2021</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">The Company commissioned Deloitte & Touche-Taiwan to audit the financial statements. Due to internal adjustments and maintain the independence of the accountant, the audit has been commissioned from CPA YANG, Chao-Chin and Kuo, Lee-Yuan to CPA LEE, Chi-Chen and YANG, Chao-Chin since 2021Q1.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="2">Parties
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td colspan="2">Terminated the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accepted (discontinued) the engagement</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Disagreement with the Company?</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Specify details</td></tr>
</table>

Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None

3.6.2. Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche-Taiwan
Names of CPAs	CPA LEE, Chi-Chen and YANG, Chao-Chin
Date of engagement	Approved by BOD meeting on March 23, 2021
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

3.6.3. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations：None.

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, during the most recent fiscal year and during the current fiscal year up to the publication date of the annual report

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

Position	Name	Year of 2022		As of Apr. 18 of 2023	
		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.	-	-	-	-
	Hsin-Han Investment Co., Ltd. Represented by: CHEN, Jing-Hsing	-	-	-	-
Independent Director	CHAN, Yi-Jen	-	-	-	-
Independent Director	HO, Yi-Da	-	-	-	-
Independent Director	WANG, Yong-Chun	-	-	-	-

Position	Name	Year of 2022		As of Apr. 18 of 2023	
		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	-	-	-	-
Supervisor, Ready Mixed Concrete Division	CHOU, Shih-Kuei	-	-	-	-
Assistant Vice President	CHAN, Chih-Hong	-	-	-	-
Assistant Vice President	KAO, Tsung-yao	-	-	-	-
Assistant Vice President	TSAI, Wen-Chang	-	-	-	-
Assistant Vice President (Chief Information Security Officer)	CHANG, Pei-Te	-	-	-	-
Vice President, Finance Division (Chief Financial Officer、Chief Corporate Governance 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.

2023.04.18

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	Sibling	
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	Sibling	
HSBC custodian Pictet investment accounts	38,867,405	5.94%	-	-	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	Sibling	
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	
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	Sibling	-
T.H. Wu Foundation	11,670,151	1.79%	-	-	0	0%	None	None	-

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	
Long-Yi-Chang Sand & Stone Co., Ltd.	11,236,243	1.72%	-	-	0	0%	None	None	-
Representative of Long-Yi-Chang Sand & Stone Co., Ltd.: Yang, Chin-Song	45,447	0.01%	-	-	0	0%	None	None	-

3.10 Syndicated Shareholdings

The stakes and the syndicated stakes in the same investee of the company; directors, supervisors, and managers of the company; and institutions under the company's direct or indirect control.

December 31, 2022 (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.	75,000,000	100	-	-	75,000,000	100.00
Kaohsiung Harbor Transport Company.	7,560,000	100	-	-	7,560,000	100.00
Universal Concrete Industrial Corporation.	7,691,411	58.12	115,494	0.87	7,806,905	58.99
Chiayi Concrete Industrial Corporation.	2,252,378	86.63	361	0.01	2,252,739	86.64
Tainan Concrete Industrial Corporation.	2,023,624	67.45	10,000	0.33	2,033,624	67.78
Lioho Machine Works Ltd.	89,581,468	29.86	1,680	-	89,583,148	29.86
Huanchung Cement International Corporation.	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 Corporation.	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 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

2023.04.18

Type of Shareholders	Government Agencies	Financial Institution	Other Institutional Investor	Individual	Foreign Institution and Natural Person	Total
Number	0	20	248	47,973	187	48,428
Share held	0	61,276,180	2,330,681,880	3,183,377,690	960,756,170	6,536,091,920
Ratio of share held	0	0.94%	35.66%	48.70%	14.70%	100.00%

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

1. Common Shares

2023.04.18

Categories (Share)	Number of Shareholders	Total of Share held	Ratio
1 to 999	27,876	5,593,010	0.86%
1,000 to 5,000	14,998	33,547,450	5.13%
5,001 to 10,000	2,694	20,693,471	3.17%
10,001 to 15,000	852	10,504,876	1.61%
15,001 to 20,000	523	9,476,741	1.45%
20,001 to 30,000	489	12,101,239	1.85%
30,001 to 50,000	353	14,129,463	2.16%
50,001 to 100,000	295	21,464,974	3.28%
100,001 to 200,000	169	24,367,629	3.73%
200,001 to 400,000	70	19,727,864	3.02%
400,001 to 600,000	30	14,713,796	2.25%
600,001 to 800,000	16	11,309,330	1.73%
800,001 to 1,000,000	13	11,950,861	1.83%
1,000,001 and above	50	444,028,488	67.93%
Total	48,428	653,609,192	100.00%

2. Preferred Shares: None.

4.1.4 List of Major Shareholders

2023.04.18

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	5.94%
Bo-Chih Investment Co., Ltd.	27,893,282	4.27%
HOU SU, Ching-Chieh	22,393,735	3.43%
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%
Long-Yi-Chang Sand & Stone Co., Ltd.	11,236,243	1.72%

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

Unit: NT$/thousand shares

Items	2022	2021	01/01/2023 -03/31/2023
Market Price per Share			
Highest Market Price	22.90	29.80	26.60
Lowest Market Price	19.50	20.25	21.90
Average Market Price	21.40	24.18	24.69
Net Worth per Share			
Before Distribution	32.00	29.43	Note 5
After Distribution	-	28.43	-
Earnings per Share			
Weighted Average Shares (thousand shares)	653,609	653,609	653,609
Diluted Earnings Per Share	3.12	1.66	Note 5
Adjusted Diluted Earnings Per Share	-	-	-
Dividends per Share			
Cash Dividends	1.5(Note 4)	1.0	-
Stock Dividends			
• Dividends from Retained Earnings	0.3(Note 4)	-	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 1)	6.86	14.57	-
Price / Dividend Ratio (Note 2)	14.27	24.18	-
Cash Dividend Yield Rate (Note 3)	7.01%	4.14%	-

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, 2023 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 set aside 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.

2. Implementation

Form of Dividend / Year	Cash Dividend	Stock Dividend (Cash equivalent)
2018	1.0	0
2019	1.0	0
2020	1.1	0
2021	1.0	0
2022	To be adopted by Shareholders' Meeting	

Dividend for year of 2021 has been distributed on Aug. 25, 2022. Dividend for year of 2022 shall be adopted by 2023 Shareholders' Meeting. The record date shall be decided after the adoption of proposition.

3. The proposition of distribution of reserve for 2022 is as follow:

Item	Amount
Unappropriated Retained Earnings of Previous Years	5,329,606,918
Minus: Adjustment incurred by Affiliates under equity method	(36,999)
Plus: Disposal of equity instrument at FVOCI	1,076,698
Plus: Net Profit of 2022 after tax	2,041,395,237
Minus: Setting aside of legal reserve	(204,243,224)
Earnings available for distribution	7,167,795,930
Distribution of：	
Dividend (NTD 1.5 in cash per share)	980,413,788
Dividend (NTD 0.3 in stock per share)	196,082,750
Unappropriated Retained Earnings for year ended in 2022	5,991,299,392

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 both cash and stock for year of 2023. Pursuant to relevant regulations, the Company was not mandated to disclose financial projection for the year the dividend is attributed to and thus disclosure under this section is not applicable.

4.1.8 Compensation of employees, 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 2022 shall be regarded as changes in accounting estimates and be treated as profit or loss of 2023.

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. 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. 16, 2023 to distribute compensation of NTD 31,289,802 in cash for employee and same amount for directors. The amount matches the estimate recognized for year of 2022.

(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 in 2021	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 Buy-back of Treasury Stock: None.

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

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

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

4.5 Information on employee stock options and new restricted employee shares: None.

4.6 Information on new shares issuance in connection with mergers or

acquisitions: None.

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

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
21%	65%	13%

C. Main products

a. Cement.

b. RMC.

c. Gypsum board.

d. Other building materials.

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

D. New products development

a. Various innovative performance building materials.

b. New type of pressure sensor.

5.1.2 Industry Overview

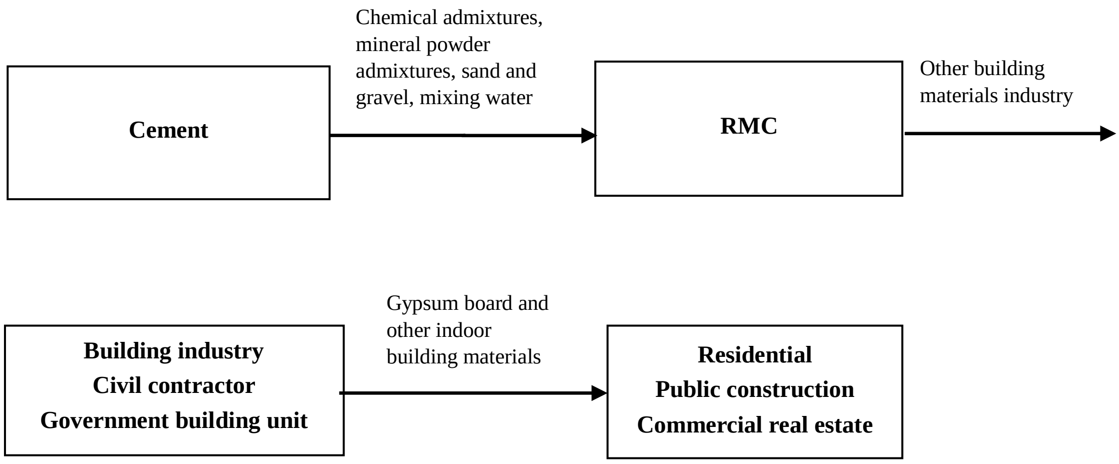
A. Status and Future Development

The cement, ready-mixed concrete and gypsum boards produced by the company are basic building materials and the company is one of the suppliers of main raw material in Taiwan's construction industry. In 2022, 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 45.82 million square meters with an increase of 5.5% from 2021. The overall demand for the industry is on the increase.

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

B. Illustration of the supply chain of the industry

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



C. Product Development Trends and Competitions

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

5.1.3 Research and Development

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

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

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

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

E. The R&D expenditures and budget of all companies in the financial report for 2021 to 2023 are as follow,

Year	2023 (Budget)	2022	2021
R&D Expenditure(in ‘000 NTD)	68,448	92,355	78,683
Ration to revenue	1.27%	1.3%	1.5%

Note: expenditure for 2022 and 2021 are audited by CPA.

5.1.4 Long-term and Short-term Development

A. Short-term Development Plan

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

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

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

B. Long-term Development Plan

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

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

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

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

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Sales (Service) Region of Major Products

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

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

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

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

e. Market Share of Major Products

Cement	Gypsum board
3.24%	92%

RMC		
Tainan	Kaohsiung	Pingtung
20.10%	16.36%	20.97%

B. Future Growth of Major Products

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

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

C. Future Growth of Major Products

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

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

D. Competitive Niche

The quality of the company's products has been highly recognized by customers and has established a good brand image and reputation in the market. The company is the sole domestic gypsum board manufacturer with more than 90% of market share national-wide.

The company’s cement and ready-mixed concrete are local brands in the south and are widely designated by customers. Uneo Inc.'s pressure sensing film technology has been recognized by global market, and Uneo Inc. has cooperated with world well-known customers from various industries.

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

Favorable Factors for Industry:

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

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

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

Unfavorable Factors for Industry:

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

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

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

Countermeasures for Unfavorable Factors:

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

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

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

5.2.2 Production Procedures of Main Products

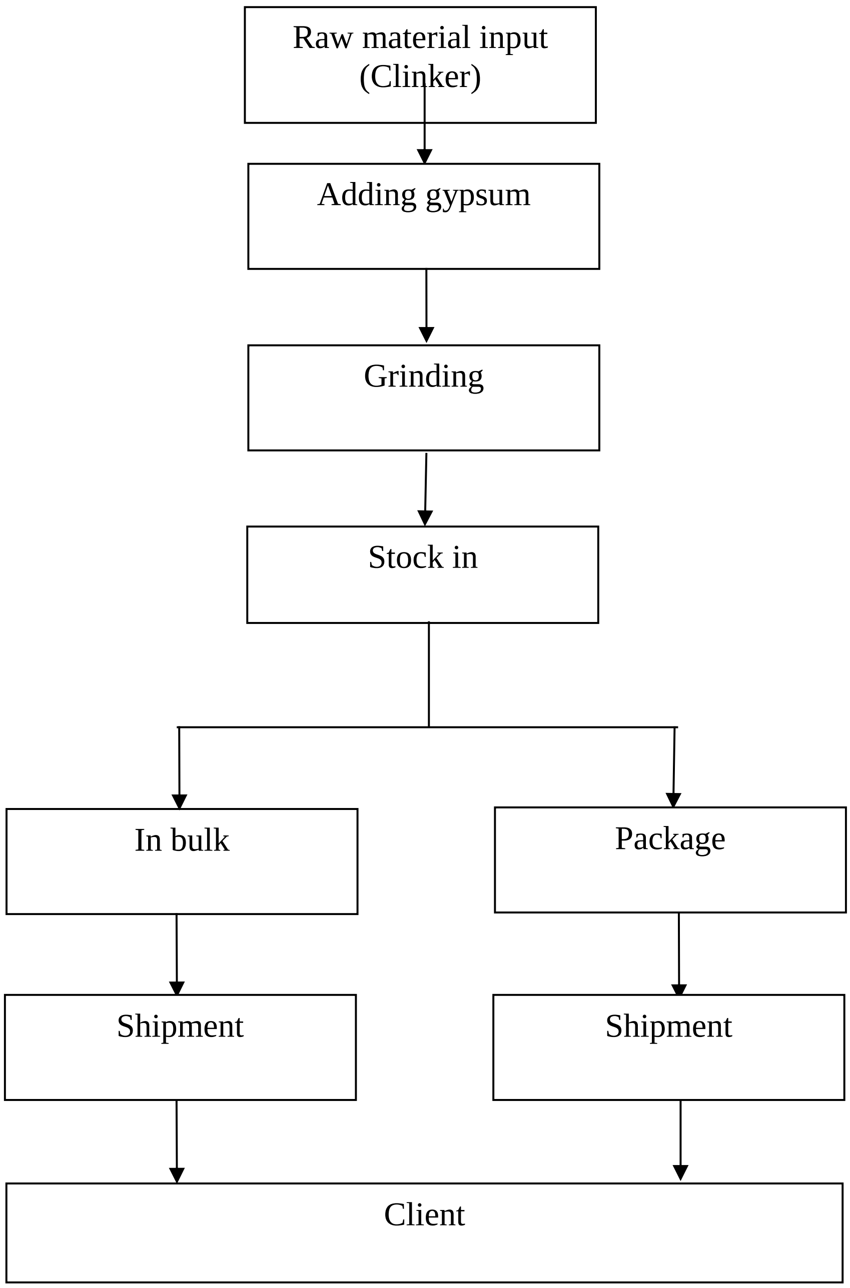
A. Major Products and Their Main Uses

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

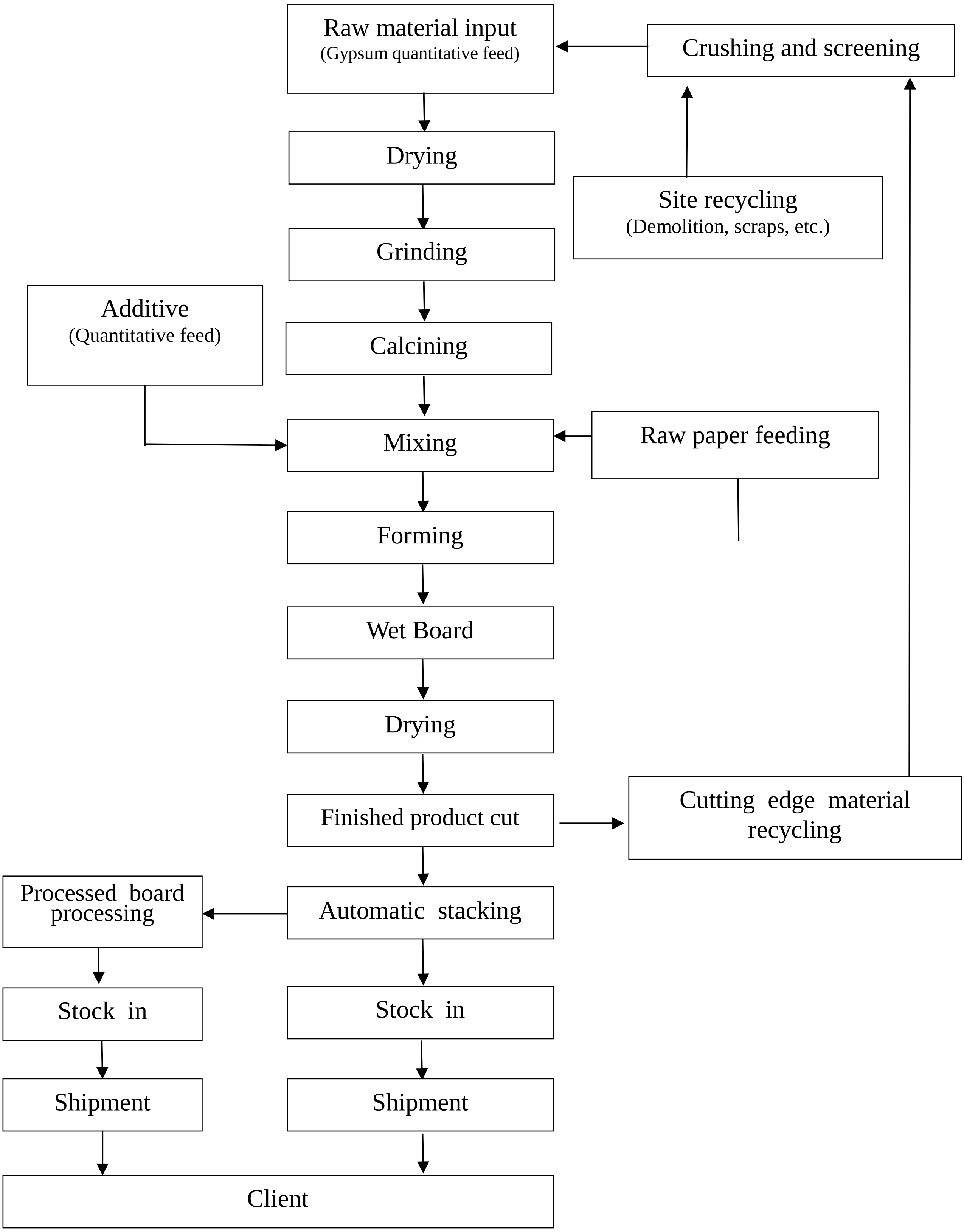
b. Pressure Sensor: Apply to stylus, industrial and semiconductor equipment, pressure distribution measuring instruments, smart healthcare monitoring, medical beds, etc.

B. Major Products and Their Production Processes

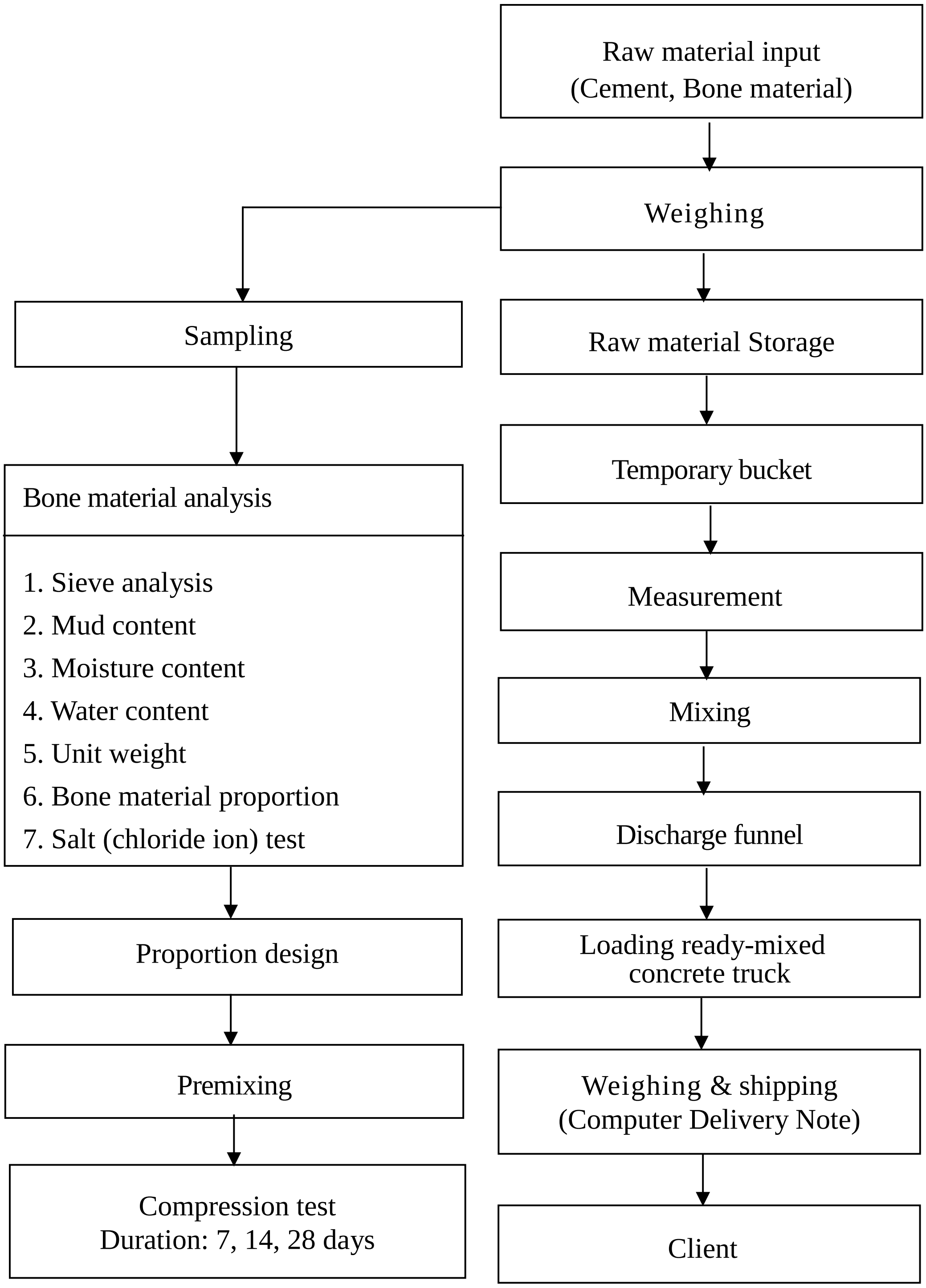
a. The company's cement production process



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

Item \ Materials	Clinker	Gravel	Gypsum		Raw paper
			Natural	Desulfurization	
Monthly requirement（tons）	32,000	210,000	0	9,300	350
Safety stock（days）	30	30	0	60	60

5.2.4 Major Suppliers and Clients

A. Major Suppliers, during the most recent 2 fiscal years:

Unit: NT$ thousands

Item	2022				2021				As of March 31,2023 (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	1,870,106	39%	-	The Taiwan Cement Corporation	1,387,028	36%	-	-	-	-	-
	Others	2,939,739	61%	-	Others	2,514,062	64%	-	Others	-	-	-
	Net Purchase	4,809,845	100%	-	Net Purchase	3,901,090	100%	-	Net Purchase	-	-	-

Note 1: As of the publication date of the annual report, the consolidated financial information as of March 31, 2023 has not been reviewed by accountant.

B. Major Clients, during the most recent 2 fiscal years:

Unit: NT$ thousands

Item	2022				2021				As of March 31,2023 (Note 1)			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Hung Hsin Building Materials Co.,Ltd	624,940	9%	-	Hung Hsin Building Materials Co.,Ltd	526,861	9%	-	-	-	-	-
	Others	6,430,849	91%	-	Others	5,552,246	91%	-	Others	-	-	-
	Net Sales	7,055,789	100%	-	Net Sales	6,079,107	100%	-	Net Sales	-	-	-

Note 1: As of the publication date of the annual report, the consolidated financial information as of March 31, 2023 has not been reviewed by accountant.

5.2.5 Production, during the most recent 2 fiscal years:

Unit: NT$ thousands

Year / Production / Major Products (or by department)	2022			2021		
	Capacity	Production	Value of Production	Capacity	Quantity	Amount
Cement	800,000(t)	443,929(t)	708,766	800,000(t)	369,100(t)	640,979
Ready-mixed concrete	2,448,000(M^3)	1,676,719(M^3)	3,157,339	2,448,000(M^3)	1,546,268(M3)	2,716,910
Gypsum board	20,000,000(M^2)	15,370,968(M^2)	637,009	20,000,000(M^2)	15,004,180(M2)	479,827
Other			30,116			26,119
Individual production value	-	-	4,533,229	-	-	3,863,835
Consolidated production value	-	-	5,103,579 (Note1)	-	-	4,408,806 (Note1)

Note 1: Including Universal Concrete Industrial Corporation (Excluding Huanchung Cement International Corporation and Uneo Incorporated 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, during the most recent 2 fiscal years:

Unit: NT$ thousands

Year / Shipments & Sales / Major Products (or by departments)	2022				2021			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue
Cement	269,308(t) (Note 1)	800,911	-	-	273,026(t) (Note 2)	677,812	-	-
Ready-mixed concrete	1,676,719(M^3)	3,952,237	-	-	1,546,268(M^3)	3,338,771	-	-
Gypsum board	14,816,068(M^2)	912,854	960,065 (M^2)	21,502	13,927,765(M^2)	758,891	903,858 (M^2)	28,181
Other	-	22,692	-	-	-	22,784	-	-
Individual sales value	-	5,688,694	-	21,502	-	4,798,258	-	28,181
Consolidated sales value	-	7,013,504	-	42,285	-	6,033,170	-	45,937

Note 1：Cement sales did not include self-use cement 168,659 (t) in 2022.

Note 2：Cement sales did not include self-use cement 100,928 (t) in 2021.

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

The information of employees, during the most recent fiscal year and during the current fiscal year up to the publication date of the annual report

Duration of Report		2021	2022	As of Apr. 30, 2023
Number of Employee	Total	445	487	491
Age in Average		42.40	42.40	41.61
Seniority in Average		10.92	10.92	9.90
Education level	Ph. D	0.45%	0.62%	0.61%
	Master	10.56%	10.68%	10.18%
	Bachelor	50.79%	58.73%	58.45%
	High School	35.51%	27.93%	28.51%
	Below	2.70%	2.05%	2.24%

5.4 Environmental Expenditure

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

Competent Authority	Description of Violation	Date of Sanction	Reference of Sanction Order	Regulation Violated	Sanction	Countermeasures and estimated amount for fine in the future
Environmental Protection Bureau, Kao-Hsiung City Government	Color difference on the floor in front of the plant.	Apr. 27, 2022	EPB, Tainan City Gov't, Fei-Chu No. 41-111-060034 order	Sec. 2 of Art. 27, Waste Disposal Act	Fine: NTD 1,200	Improved
	Changes of Dedicated Air Pollution Control Specialist was not filed in time.	July 25, 2022	EPB, Kao-hsiung City Gov't, Kong-Chu No. 20-112-010013 order	Sec. 4 of Art. 34, Air Pollution Control Act	Fine: NTD 200,000 Deadline of improvement: Feb. 8, 2023 Mandatory Environmental workshop 2 hours	Improved
	Color difference on the floor in front of the plant.	Dec. 15, 2022	EPB, Kao-hsiung City Gov't, Fei-Chu No. 41-112-010807 order	Sec. 2 of Art. 27, Waste Disposal Act	Fine: NTD 2,400	Improved

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: None.

5.6 Cyber Security Management

1. Cyber Security Risk Framework

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

2. Cyber Security Policy

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

2.1 Definition of Terms:

A. Information and communication system: That refers to the system to be used to collect, control, transmit, store, circulate, delete information or to make other processing, using and sharing of such information.
B. Information and communication service: That refers to the service to be used to collect, control, transmit, store, circulate, delete information or to make other processing, use and sharing of such information.
C. Cyber security: That refers to such effort to prevent information and communication system or information from being unauthorized access, use, control, disclosure, damage, alteration, destruction or other infringement to assure the confidentiality, integrity and availability of information and system.
D. Confidentiality: It ensures that only authorized personnel can use the information.
E. Integrity: It ensures that the information used is correct and has not been doctored.
F. Availability: It ensures that authorized personnel have access to the required information.

2.2 Cyber Security Policy Objectives

A. Take appropriate protection and preventive measures for organization’s sensitive data to reduce the risk of cyber security incidents.
B. Reduce the impact of cyber security incidents such as damage, theft, leakage, tampering, abuse, and infringement.

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

2.3 Cyber Security Management Policy

A. When a cyber security incident happens, it can be timely informed, dealt with and restored within the specified time. The information system structure will gradually establish a high-availability backup and off-site data backup mechanism according to its risk level to ensure uninterrupted services. It will also strengthen system recovery drills to ensure that the system recovery time meets the expectation.
B. In response to changes in the cyber security threat, cyber security education and training will be conducted to boost the staff's awareness of cyber security. Most of the cyber security incidents come from the negligence and lack of cyber security awareness of staff. Thus, regular cyber security publicity and education training is necessary.
C. Please do not open emails from unknown sources or unidentifiable senders. Regular email social engineering drills will be conducted every year. Colleagues who open such emails or links by mistake will receive further training and records of the training will be recorded for future reference.
D. We aim to enhance the level and mechanism of cyber security equipment, improve defense capabilities, and prevent virus or intrusion and extortion events. At the event of a cyber security incident, the relevant unit should be notified immediately to reduce subsequent losses caused by the cyber security incident.
E. Be alert to security bugs notices, patch high-risk bugs in real time, and regularly assess and handle security bugs repairs for equipment, system components, database systems, and software.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Leasing Agreement	Feng-Li Enterprise Inc.	2022.09.01. ~ 2029.08.31.	Leasing of Fengshan RMC Plant	None
Leasing Agreement	International Textile Co. Ltd.	2022.10.11. ~ 2023.10.10.	Leasing of Yongkang RMC Plant	None
Leasing Agreement	Tainan Concrete Industrial Corporation	2022.08.01. ~ 2023.07.31.	Leasing of Tainan RMC Plant	None
Leasing Agreement	Universal Real Estate Development Inc.	2022.08.01.~ 2023.07.31.	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	Tainan Concrete Industrial Corporation	2022.12.01 ~ 2023.11.30	Leasing of Madou RMC Plant	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet

A. Consolidated Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Current assets		5,648,586	5,004,661	4,391,640	4,267,262	4,058,612	-
Property, Plant and Equipment		7,911,538	6,890,696	6,680,071	6,180,847	6,050,677	-
Intangible assets		11,992	8,404	8,075	7,854	8,548	-
Other assets(Note 3)		14,239,779	13,193,061	13,023,150	12,945,970	12,458,735	-
Total assets		27,811,895	25,096,822	24,102,936	23,401,933	22,576,572	-
Current liabilities	Before distribution	4,751,310	4,245,043	3,795,424	3,831,854	3,435,479	-
	After distribution	(Note 4)	4,898,652	4,514,394	4,485,463	4,089,088	-
Non-current liabilities		1,534,107	1,467,303	1,522,159	1,467,033	1,311,820	-
Total liabilities	Before distribution	6,285,417	5,712,346	5,317,583	5,298,887	4,747,299	
	After distribution	(Note 4)	6,365,955	6,036,553	5,952,496	5,400,908	
Shareholders' Equity attributable to the parent company		20,917,904	19,233,465	18,656,227	17,983,457	17,715,321	-
Paid-in Capital		6,536,092	6,536,092	6,536,092	6,536,092	6,536,092	-
Capital surplus		123,499	66,950	65,822	41,430	41,265	-
Retained earnings	Before distribution	13,273,714	11,884,891	11,515,783	11,013,644	10,562,324	
	After distribution	(Note 4)	11,231,282	10,796,813	10,360,035	9,908,715	
Other equity		984,599	745,532	538,530	392,291	575,640	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		608,574	151,011	129,126	119,589	113,952	-
Total equity	Before distribution	21,526,478	19,384,476	18,785,353	18,103,046	17,829,273	
	After distribution	(Note 4)	18,730,867	18,066,383	17,449,437	17,175,664	

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, 2023 has not been reviewed by accountant.

Note 3: Including financial assets at fair value through profit or loss - non-current, financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using equity method, right - of - use assets, investment properties, deferred tax assets, prepayments for equipment and net defined benefit asset.

Note 4: The proposal on 2022 profit distribution is pending ratification by the AGM.

B. Individual Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note 1)				
		2021	2021	2020	2019	2018
Current assets		4,389,453	4,025,665	3,496,309	3,474,856	3,285,678
Property, Plant and Equipment		6,326,916	6,629,770	6,414,931	5,920,949	5,474,006
Intangible assets		11,324	8,051	7,611	7,452	7,873
Other assets(Note 2)		15,463,693	13,591,503	13,110,276	13,020,770	13,011,495
Total assets		26,191,386	24,254,989	23,029,127	22,424,027	21,779,052
Current liabilities	Before distribution	4,127,959	3,860,294	3,198,586	3,240,529	2,853,848
	After distribution	(Note 3)	4,513,903	3,917,556	3,894,138	3,507,457
Non-current liabilities		1,145,523	1,161,230	1,174,314	1,200,041	1,209,883
Total liabilities	Before distribution	5,273,482	5,021,524	4,372,900	4,440,570	4,063,731
	After distribution	(Note 3)	5,675,133	5,091,870	5,094,179	4,717,340
Paid-in capital		6,536,092	6,536,092	6,536,092	6,536,092	6,536,092
Capital surplus		123,499	66,950	65,822	41,430	41,265
Retained earnings	Before distribution	13,273,714	11,884,891	11,515,783	11,013,644	10,562,324
	After distribution	(Note 3)	11,231,282	10,796,813	10,360,035	9,908,715
Other equity		984,599	745,532	538,530	392,291	575,640
Treasury stock		-	-	-	-	-
Total equity	Before distribution	20,917,904	19,233,465	18,656,227	17,983,457	17,715,321
	After distribution	(Note 3)	18,579,856	17,937,257	17,329,848	17,061,712

Note 1: The financial information has been audited and certified by CPAs.
Note 2: Including financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using equity method, right - of - use assets, investment properties, deferred tax assets, prepayments for equipment and net defined benefit asset.
Note 3: The proposal on 2022 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

Item \ Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating revenue	7,055,789	6,079,107	5,426,217	5,005,731	4,780,994	
Gross profit	1,366,300	1,131,817	907,031	586,765	571,082	
Profit /loss from operations	841,090	710,202	493,142	170,895	182,646	
Non-operating income and expenses	1,542,239	530,060	804,372	1,027,783	945,220	
Profit before tax	2,383,329	1,240,262	1,297,514	1,198,678	1,127,866	
Net profit from continuing operation	2,183,492	1,114,226	1,259,795	1,141,682	1,051,568	
Loss of discontinued operations	-	-	-	-	-	
Net profit	2,183,492	1,114,226	1,259,795	1,141,682	1,051,568	
Other comprehensive income/loss (net amount after tax)	240,709	206,946	79,230	(183,256)	(335,953)	
Total comprehensive income/loss	2,424,201	1,321,172	1,339,025	958,426	715,615	
Net profit attributable to owners of parent company	2,041,395	1,088,078	1,247,252	1,135,477	1,057,293	
Net profit attributable to non-controlling interests	142,097	26,148	12,543	6,205	(5,725)	
Total comprehensive income/loss attributable to owners of parent company	2,281,539	1,295,080	1,326,470	952,128	721,035	
Total comprehensive income/loss attributable to non-controlling interest	142,662	26,092	12,555	6,298	(5,420)	
Earnings per share	3.12	1.66	1.91	1.74	1.62	

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, 2023 has not been reviewed by accountant.

B. Individual Condensed Statement of Comprehensive Income

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2022	2021	2020	2019	2018
Operating revenue	5,710,196	4,826,439	4,495,516	4,149,136	3,865,046
Gross profit	1,176,967	962,604	801,903	495,207	496,833
Profit /loss from operations	777,989	629,650	469,884	158,345	236,966
Non-operating income and expenses	1,437,045	571,451	811,505	1,029,563	897,534
Profit before tax	2,215,034	1,201,101	1,281,389	1,187,908	1,134,500
Net profit from continuing operations	2,041,395	1,088,078	1,247,252	1,135,477	1,057,293
Loss of discontinued operations	-	-	-	-	-
Net profit	2,041,395	1,088,078	1,247,252	1,135,477	1,057,293
Other comprehensive income/loss (net amount after tax)	240,144	207,002	79,218	(183,349)	(336,258)
Total comprehensive income/loss	2,281,539	1,295,080	1,326,470	952,128	721,035
Earnings per share	3.12	1.66	1.91	1.74	1.62

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

6.1.3 Auditors' Opinions for The Last Five Years

Year	CPA	Audit Opinion	Accounting Firm
2018	LIAO, Hung-Ju、YANG, Chao-Chin	Unmodified opinion	Deloitte & Touche
2019	LIAO, Hung-Ju、YANG, Chao-Chin	Unmodified opinion	Deloitte & Touche
2020	YANG, Chao-Chin、KUO, Lee-Yuan	Unmodified opinion	Deloitte & Touche
2021	LEE, Chi-Chen、YANG, Chao-Chin	Unmodified opinion	Deloitte & Touche
2022	LEE, Chi-Chen、YANG, Chao-Chin	Unmodified opinion	Deloitte & Touche

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis

Item			Financial Summary for The Last Five Years (Note 1) 2022	2021	2020	2019	2018	As of March 31, 2023 (Note 2)
Financial structure (%)	Liabilities to assets ratio		22.59	22.76	22.06	22.64	21.03	
	Long-term capital to property, plant and equipment ratio		291.48	302.60	304.00	316.62	316.35	
Solvency	Current ratio (%)		118.88	117.89	115.70	111.36	118.14	
	Quick ratio (%)		109.97	110.32	106.75	103.58	108.91	
	Interest coverage ratio (times)		58.19	43.34	42.32	37.42	52.87	
Operations	Accounts receivable turnover (times)		3.84	3.93	4.00	3.98	4.24	
	Average collection cycle		95.05	92.87	91.25	91.70	86	
	Inventory turnover (times)		16.44	17.02	16.50	15.83	14.10	
	Accounts payable turnover (times)		6.96	7.00	6.80	6.60	6.91	
	Average days in sales		22.20	21.44	22.12	23	26	
	Property, plant and equipment turnover (times)		0.95	0.89	0.84	0.81	0.80	
	Total assets turnover (times)		0.26	0.24	0.22	0.21	0.22	
Profitability	Return on assets (%) (ROA)		8.39	4.63	5.43	5.10	4.89	
	Return on equity (%) (ROE)		10.67	5.83	6.83	6.35	6.01	
	Net income before tax as a percentage of paid-in capital (%)		36.46	18.97	19.85	18.33	17.26	
	Net profit rate (%)		30.94	18.32	23.21	22.80	21.99	
	EPS (NT$)	Before retrospective	3.12	1.66	1.91	1.74	1.62	
		After retrospective	3.12	1.66	1.91	1.74	1.62	
Cash flow	Cash flow ratio (%)		21.32	32.56	26.72	19.56	17.54	
	Cash flow adequacy ratio (%)		94.90	93.99	77.47	69.43	69.41	
	Cash reinvestment ratio (%)		0.12	3.01	1.26	0.42	(0.23)	
Leverage	Operating leverage		1.69	1.71	1.90	3.53	3.08	
	Financial leverage		1.05	1.04	1.06	1.23	1.14	

Analysis of financial ratio differences, during the most recent 2 fiscal years:

1. Increase in Interest Coverage Ratio and Net Income Before Tax As A Percentage Of Paid-In Capital：Mainly because of the income before income tax increase in 2022.
2. Increase in Net Income Before Tax As A Percentage Of Paid-In Capital：Mainly because of the income before income tax increase in 2022.
3. Increase in Return On Assets, Return On Equity, Net Profit Rate and EPS：Mainly because of the net profit after tax increase in 2022.
4. Decrease in Cash Flow Ratio and Cash Reinvestment Ratio：Mainly because of the decrease in the inflow of net cash from the operating activities and increase in dividend distribution by cash in 2022.

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, 2023 has not been reviewed by accountant.

B. Individual Financial Analysis

Item			Financial Summary for The Last Five Years (Note 1)				
Item	Year		2022	2021	2020	2019	2018
Financial structure (%)	Liabilities to assets ratio		20.13	20.70	18.98	19.80	18.66
	Long-term capital to property, plant and equipment ratio		348.72	307.62	309.13	323.99	345.73
Solvency	Current ratio (%)		106.33	104.28	109.30	107.23	115.13
	Quick ratio (%)		98.38	96.86	99.97	99.63	106.55
	Interest coverage ratio (times)		64.23	58.36	56.61	54.19	67.65
Operations	Accounts receivable turnover (times)		3.67	3.64	3.87	3.89	4.25
	Average collection cycle		99	100	94	94	86
	Inventory turnover (times)		15.87	15.04	15.84	16.31	14.28
	Accounts payable turnover (times)		7.09	6.74	7.20	7.22	7.60
	Average days in sales		23	24	23	22	26
	Property, plant and equipment turnover (times)		0.88	0.73	0.72	0.72	0.72
	Total assets turnover (times)		0.22	0.20	0.19	0.18	0.18
Profitability	Return on assets (%) (ROA)		8.22	4.68	5.58	5.23	5.08
	Return on equity (%) (ROE)		10.16	5.74	6.80	6.36	6.08
	Net income before tax as a percentage of paid-in capital (%)		33.88	18.37	19.60	18.17	17.36
	Net profit rate (%)		35.74	22.54	27.74	27.36	27.36
	EPS (NT$)	Before retrospective	3.12	1.66	1.91	1.74	1.62
		After retrospective	3.12	1.66	1.91	1.74	1.62
Cash flow	Cash flow ratio (%)		23.11	32.77	29.02	21.53	20.90
	Cash flow adequacy ratio (%)		94.41	90.99	74.83	69.40	69.92
	Cash reinvestment ratio (%)		(0.10)	2.55	0.91	0.20	(0.26)
Leverage	Operating leverage		1.51	1.56	1.67	2.96	2.00
	Financial leverage		1.04	1.03	1.05	1.16	1.08

Analysis of financial ratio differences, during the most recent 2 fiscal years:

1. Increase in Property, Plant And Equipment Turnover：Mainly because of the increase in the net sales in 2022.
2. Increase in Net Income Before Tax As A Percentage Of Paid-In Capital：Mainly because of the income before income tax increase in 2022.
3. Increase in Return On Assets, Return On Equity, Net Profit Rate and EPS：Mainly because of the net profit after tax increase in 2022.
4. Decrease in Cash Flow Ratio and Cash Reinvestment Ratio：Mainly because of the decrease in the inflow of net cash from the operating activities and increase in dividend distribution by cash in 2022.

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. 16, 2023

The Board of Directors of Universal Cement Corporation has submitted financial statements and consolidated financial statements for the fiscal year of 2022, duly audited by Ms. Sophie Lee, CPA and Mr. Yang, Chao-Chin, CPA of Deloitte & Touche, along with Business report, Proposal for Distribution of Profits for review by this committee. This committee has diligently completed review of such submissions and it is the unanimous opinion of the committee that no discrepancy was identified. This committee therefore respectfully submit to the Annual General Meeting of Shareholders this report pursuant to Article 14-4 of Securities and Exchange Act and Article 219 of Company Act.

Dr. Ian Chan,
Chairperson, Audit Committee,
Universal Cement Corporation

6.4 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022. 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, 2022 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 2021 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, 2022 and 2021 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 16, 2023

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

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

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

Universal Cement Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 784,464	3	$ 292,032	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	81,411	-	90,366	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,261,853	8	2,549,259	10
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	107,357	-	80,537	-
Contract assets - current (Notes 4 and 24)	1,758	-	2,625	-
Contract assets from related parties - current (Notes 4, 24 and 32)	4,437	-	4,437	-
Notes receivable (Notes 4,11 and 24)	537,064	2	450,089	2
Net Accounts receivable (Notes 4,11 and 24)	1,404,534	5	1,177,212	5
Accounts receivable from related parties (Notes 4,11,24 and 32)	41,684	-	34,164	-
Other receivables (Notes 4)	660	-	2,473	-
Current tax assets (Notes 4 and 26)	-	-	-	-
Inventories (Notes 4 and 12)	393,983	2	297,842	1
Prepayments	23,958	-	18,910	-
Other current assets	5,423	-	4,715	-
Total current assets	5,648,586	20	5,004,661	20
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss – non-current (Notes 4 and 7)	43,733	-	22,022	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,401,004	9	1,999,074	8
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 33)	11,294	-	17,148	-
Investments accounted for using equity method (Notes 4 and 14)	10,618,566	38	9,892,845	39
Property, plant and equipment (Notes 4 and 15)	7,911,538	29	6,890,696	28
Right - of - use assets (Notes 4 and 16)	263,949	1	281,342	1
Investment properties (Notes 4 and 17)	841,880	3	935,834	4
Other intangible assets (Notes 4 and 18)	11,992	-	8,404	-
Deferred tax assets (Notes 4 and 26)	13,898	-	20,690	-
Prepayments for equipment	30,031	-	24,106	-
Other non-current assets	15,424	-	-	-
Total non-current assets	22,163,309	80	20,092,161	80
TOTAL	$ 27,811,895	100	$ 25,096,822	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 19)	$ 2,290,000	8	$ 1,780,000	7
Short-term bills payable (Note 19)	999,088	4	1,224,036	5
Contract liabilities - current (Notes 4 and 24)	2,084	-	10,275	-
Notes payable (Note 20)	188,745	1	69,270	-
Accounts Payable (Note 20)	666,974	2	635,843	3
Accounts Payable to related parties (Notes 20 and 32)	37,276	-	34,868	-
Other payables (Note 21)	370,160	1	296,404	1
Current tax liabilities (Notes 26)	121,860	1	119,517	1
Lease liabilities - current (Notes 4, 16 and 32)	52,153	-	54,192	-
Other current liabilities (Note 21)	22,970	-	20,638	-
Total current liabilities	4,751,310	17	4,245,043	17
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 26)	1,305,718	5	1,187,811	5
Lease liabilities - non-current (Notes 4, 16 and 32)	218,710	1	233,167	1
Net defined benefit liabilities - non-current (Notes 4 and 22)	-	-	35,041	-
Guarantee deposits	9,679	-	11,284	-
Total non-current liabilities	1,534,107	6	1,467,303	6
Total liabilities	6,285,417	23	5,712,346	23
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Capital stock - common stock	6,536,092	23	6,536,092	26
Capital surplus	123,499	-	66,950	-
Retained earnings				
Legal reserve	2,715,883	10	2,607,075	11
Special reserve	3,185,793	11	3,185,793	13
Unappropriated earnings	7,372,038	27	6,092,023	24
Total retained earnings	13,273,714	48	11,884,891	48
Other equity	984,599	4	745,532	3
Total equity attributable to owners of the Company	20,917,904	75	19,233,465	77
NON - CONTROLLING INTERESTS	608,574	2	151,011	-
Total equity	21,526,478	77	19,384,476	77
TOTAL	$ 27,811,895	100	$ 25,096,822	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, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24 and 32)	$ 7,055,789	100	$ 6,079,107	100
OPERATING COSTS (Notes 12, 22 and 32)	5,689,489	81	4,947,290	82
GROSS PROFIT	1,366,300	19	1,131,817	18
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	119,394	2	84,347	2
General and administrative expenses	299,545	4	261,793	4
Research and development expenses	92,355	1	78,683	1
Expected credit loss (gain)	13,916	-	(3,208)	-
Total operating expenses	525,210	7	421,615	7
PROFIT FROM OPERATIONS	841,090	12	710,202	11
NON-OPERATING INCOME AND EXPENSES(Notes 14, 25 and 32)				
Interest income	1,982	-	1,109	-
Other income	269,741	4	207,695	3
Other gains and losses	488,752	7	(22,352)	-
Interest expenses	(41,671)	(1)	(29,292)	-
Share of profit or loss of associates	823,435	12	372,900	6
Total non-operating income and expenses	1,542,239	22	530,060	9
PROFIT BEFORE INCOME TAX	2,383,329	34	1,240,262	20
INCOME TAX EXPENSE (Notes 4 and 26)	199,837	3	126,036	2
NET PROFIT FOR THE YEAR	2,183,492	31	1,114,226	18
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 4,106	-	$ 9,967	1
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	73,867	1	243,289	4

Share of the other comprehensive income or loss of associates accounted for using the equity method	17,190	-	6,884	-

(Continued)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2021	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss	(821)	-	351	-
	94,342	1	260,491	5
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income or loss of associates accounted for using the equity method	146,367	2	(53,545)	(1)
	146,367	2	(53,545)	(1)
Other comprehensive income for the year, net of income tax	240,709	3	206,946	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,424,201	34	$ 1,321,172	22
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 2,041,395	29	$ 1,088,078	18
Non-controlling interests	142,097	2	26,148	-
	$ 2,183,492	31	$ 1,114,226	18
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 2,281,539	32	$ 1,295,080	21
Non-controlling interests	142,662	2	26,092	1
	$ 2,424,201	34	$ 1,321,172	22
EARNINGS PER SHARE (Note 27)				
Basic	$ 3.12		$ 1.66	
Diluted	3.11		1.66	

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, 2022 AND 2021
(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, 2021	$ 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
Appropriation of 2020 earnings (Note 23)													
Legal reserve	-	-	115,575	-	(115,575)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$ 1.1 per share	-	-	-	-	(718,970)	-	-	-	-	-	(718,970)	-	(718,970)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 29)	-	527	-	-	-	-	-	-	-	-	527	(2,017)	(1,490)
Changes in recognition of associates accounted for using equity method	-	605	-	-	-	-	-	-	-	-	605	-	605
Overdue dividends not collected by shareholders	-	(4)	-	-	-	-	-	-	-	-	(4)	-	(4)
Net profit for the year ended December 31, 2021	-	-	-	-	1,088,078	-	-	-	-	-	1,088,078	26,148	1,114,226
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(53,545)	241,879	18,668	-	207,002	207,002	(56)	206,946
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,088,078	(53,545)	241,879	18,668	-	207,002	1,295,080	26,092	1,321,172
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(2,190)	(2,190)
BALANCE AT DECEMBER 31, 2021	6,536,092	66,950	2,607,075	3,185,793	6,092,023	(945,843)	1,638,872	69,720	(17,217)	745,532	19,233,465	151,011	19,384,476
Appropriation of 2021 earnings (Note 23)													
Legal reserve	-	-	108,808	-	(108,808)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)	-	(653,609)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 29)	-	56,211	-	-	-	-	-	-	-	-	56,211	(155,893)	(99,682)
Acquired non-controlling interests of subsidiaries (Note28)	-	-	-	-	-	-	-	-	-	-	-	479,869	479,869
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,077	-	(1,077)	-	-	(1,077)	-	-	-
Changes in recognition of associates accounted for using equity method	-	340	-	-	(40)	-	-	-	-	-	300	-	300
Overdue dividends not collected by shareholders	-	(2)	-	-	-	-	-	-	-	-	(2)	-	(2)
Net profit for the year ended December 31, 2022	-	-	-	-	2,041,395	-	-	-	-	-	2,041,395	142,097	2,183,492

Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	146,367	74,103	19,674	-	240,144	240,144	565	240,709

(Continued)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	2,041,395	146,367	74,103	19,674	-	240,144	2,281,539	142,662	2,424,201
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(9,075)	(9,075)
BALANCE AT DECEMBER 31, 2022	$ 6,536,092	$ 123,499	$ 2,715,883	$ 3,185,793	$ 7,372,038	($ 799,476)	$ 1,711,898	$ 89,394	($ 17,217)	$ 984,599	$ 20,917,904	$ 608,574	$ 21,526,478

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

(Concluded)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,383,329	$ 1,240,262
Adjustments for:		
Depreciation expenses	175,370	173,235
Amortization expenses	2,657	3,183
Expected credit loss (gain) recognized	13,916	(3,208)
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	12,244	4,201
Interest expenses	41,671	29,292
Interest income	(1,982)	(1,109)
Dividend income	(227,609)	(160,502)
Share of profit of associates	(823,435)	(372,900)
Loss (Gain) on disposal of property, plant and equipment net	(3,968)	17
Gain on disposal of investment properties	(403,203)	-
Gain on disposal of other intangible assets	-	(2,989)
Gain on disposal of associates	(373,540)	
Inventory write-downs	461	272
Impairment losses on assets	274,161	-
Gains on defeasance	(44,029)	-
Changes in operating assets and liabilities		
Contract assets (Including related parties)	1,064	8,234
Notes receivable	(86,975)	14,742
Accounts receivable (Including related parties)	(248,955)	(261,593)
Other receivables	1,888	(1,164)
Inventories	(96,602)	(14,669)
Prepayments	(5,048)	29,653
Other current assets	642	2,959
Contract liabilities	(8,191)	5,818
Notes payable (Including related parties)	119,468	(63,727)
Accounts payable (Including related parties)	33,539	130,364
Other payables	73,788	7,284
Other current liabilities	2,503	613
Net defined benefit liability	(2,330)	(19,042)
Cash generated from operations	809,550	749,226
Interest received	1,974	1,109
Dividends received	406,771	699,022
Income tax paid	(205,228)	(67,146)
Net cash generated from operating activities	1,013,067	1,382,211

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisitions of financial assets at fair value through other comprehensive income	(38,916)	(552,449)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	-
Increase in financial assets at amortized cost	(22,060)	(5,726)

(Continued)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2021
(In Thousands of New Taiwan Dollars)

	2021	2021
Decrease in financial assets at amortized cost	$ 16,094	$ 25,295
Acquisitions of financial assets at fair value through profit or loss	(25,000)	(176,719)
Refunds from financial assets at fair value through profit or loss	-	60,608
Acquisitions of investments accounted for using equity method	(47,928)	(27,000)
Net cash outflow of acquired subsidiary (Note28)	(9,300)	-
Payments for property, plant and equipment	(320,210)	(203,984)
Refunds from disposal of property, plant and equipment	6,462	10
Payments for intangible assets	(6,245)	(3,523)
Refunds from disposal of intangible assets	-	3,000
Payments for investment properties	(3,956)	(210)
Refunds from disposal of investment properties	499,950	-
Decrease in other non-current assets	-	379
Net cash used in investing activities	48,891	(880,319)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	510,000	313,000
Repayments from short-term bills payable	(225,000)	(8,000)
Proceeds from guarantee deposits received	665	655
Refund of guarantee deposits received	(2,270)	(260)
Repayment of the principal portion of lease liabilities	(50,970)	(59,836)
Dividends paid to owners of the Company	(653,609)	(718,970)
Acquisitions of non-controlling interests	(99,682)	(1,490)
Interest Paid	(39,585)	(27,434)
Dividends paid to non-controlling interests	(9,075)	(2,190)
Net cash used in financing activities	(569,526)	(504,525)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	492,432	(2,633)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	292,032	294,665
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 784,464	$ 292,032

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, 2022 AND 2021
(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 16, 2023.

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:

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

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Group has assessed that the adoption of other standards or interpretations will not have a significant impact on the Group's financial position and performance.

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)
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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.

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

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

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

g. Inventories

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

h. Investment in associates

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

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

k. Intangible assets

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

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with dividends or interest and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 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. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

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

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

n. Revenue recognition

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

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

o. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

The accounting policies adopted by the Group do not involve material accounting judgments, estimations and assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31 2022	December 31 2021
Cash on hand	$ 518	$ 414
Checking accounts and demand deposits	729,324	239,618
Cash equivalent (investments with original maturities less than 3 months)		
Time deposits	54,622	52,000
	$ 784,464	$ 292,032

The ranges of interest rates for time deposits were 0.32%~4.8% and 0.06%~0.41% per annum as of December 31, 2022 and 2021

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2022	December 31 2021
Financial assets mandatorily classified as at FVTPL-Current		
Non-derivative financial assets		
Domestic Listed shares and emerging market shares	$ 80,984	$ 89,895
Mutual funds	427	471
	$ 81,411	$ 90,366
Financial assets mandatorily classified as at FVTPL-Non-current		
Non-derivative financial assets		
Limited Partnership	$ 43,733	$ 22,022

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31 2022	December 31 2021
Investments in equity instruments at FVTOCI - Current		
Domestic investments		
Listed shares and emerging market shares	$ 2,261,853	$ 2,549,259
Investments in equity instruments at FVTOCI - Non-current		
Domestic investments		
Listed OTC Private Equity	$ 510,400	$ 458,700
Unlisted shares	1,890,604	1,540,374
	$ 2,401,004	$ 1,999,074

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 2021. Relevant other interests – unrealized losses on financial assets at fair value through other comprehensive income of $84,238 thousand are transferred to retained earnings.

The Group purchase 22 million common share of Creative Sensor Inc. via private offering in November, 2021. The holding of the share is still subject to three-year lock up period. The investment is regarded as for strategic purposes and therefore the value of which is assessed at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Time deposits with original maturity of more than 3 months (a)	$ 107,290	$ 75,390
Pledged time deposits (a)	67	5,147
	$ 107,357	$ 80,537
Non-current		
Pledged time deposits (a)	$ 5,510	$ 10,215
Refundable deposits	5,784	6,933
	$ 11,294	$ 17,148

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.00%-1.44% and 0.09%-0.815% per annum as of December 31, 2022 and 2021, respectively. The information on pledged time deposits is set out in Note 34.

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

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	December 31	
	2022	2021
Financial assets at amortized cost - current	$ 107,357	$ 80,537
Financial assets at amortized cost - non-current	11,294	17,148
	$ 118,651	$ 97,685

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, 2022 and 2021, no expected credit losses have been recognized in financial assets measured at amortized cost.

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

	December 31	
	2022	**2021**
Notes receivable		
At amortized cost		
Notes receivable - operating	$ 536,731	$ 449,757
Notes receivable - non-operating	333	332
	$ 537,064	$ 450,089
Accounts receivable (Including related parties)		
At amortized cost	$ 1,465,455	$ 1,216,500
Less: Allowance for impairment loss	19,237	5,124
	$ 1,446,218	$ 1,211,376

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, 2022 and 2021.

Accounts receivable (Including related parties)

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

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

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

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

December 31, 2022

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

December 31, 2021

	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	0.05% ~ 11.53%	0.14% ~ 0.44%	0.41% ~ 0.75%	1.24% ~ 1.52%	2.89% ~ 7.17%	9.74% ~ 23.42%	100%	
Gross carrying amount	$ 878,071	$ 193,615	$ 88,756	$ 46,085	$ 5,255	$ 2,508	$ 2,210	$1,216,500
			$	$	$	$		$
Loss allowance (Lifetime ECL)	(1,057)	(442)	(480)	(632)	(196)	(107)	(2,210)	(5,124)
Amortized cost	$ 877,014	$ 193,173	$ 88,276	$ 45,453	$ 5,059	$ 2,401	$ -	$1,211,376
			$	$	$	$		$

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

December 31,2022

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2021	$ 1,746	$ 5,124	$ 6,870
Less: Net remeasurement of loss allowance	(197)	14,113	13,916
Less: Amounts written off			
Balance at December 31, 2021	$ 1,549	$ 19,237	$ 20,786

December 31, 2021

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2021	$ 3,369	$ 9,708	$ 13,077
Add: Net remeasurement of loss allowance	(1,623)	(1,585)	(3,208)
Less: Amounts written off	-	(2,999)	(2,999)
Balance at December 31, 2021	$ 1,746	$ 5,124	$ 6,870

12. INVENTORIES

	December 31	
	2022	2021
Merchandise	$ 68,903	$ 9,608
Finished goods	91,106	82,971
Work in process	23,180	10,037
Raw materials and supplies	210,794	195,226
	$ 393,983	$ 297,842

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was $ 5,689,489 thousand and $ 4,947,290 thousand, respectively.

For the years ended December 31, 2022 and 2021, the cost of goods sold included inventory write-downs amounting to $461 thousand and $272 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2022	Proportion of Ownership December 31 2021	Remark
Universal Cement Corporation	Chiayi Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete	86.63	86.63	-
〃	Huanchung Cement International Corporation	Manufacturing, marketing, importing and exporting of cement and cement clinker	69.99	69.99	-
〃	Kaohsiung Harbor Transport Company	Trucking operation	100.00	100.00	-
〃	Universal Investment Corporation	Investment activities	100.00	100.00	-
〃	Universal Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete and gravel	58.12	58.12	-
〃	Uneo Incorporated	Marketing of electronic products	100.00	100.00	-
	Li Yong Development Corporation	Investment activities, trading for real estate and leasing business	100.00	100.00	-
	Tainan Concrete Industrial Corp.	Manufacturing and marketing of ready-mixed concrete	67.45	42.17	
Universal Investment Corporation	Universal Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete and gravel	0.87	0.87	-
〃	Chiayi Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete	0.01	0.01	-
〃	Huanchung Cement International Corporation	Manufacturing, marketing, importing and exporting of cement and cement clinker	0.01	0.01	-
	Tainan Concrete Industrial Corp.	Manufacturing and marketing of ready-mixed concrete	0.33	0.33	

Note：The Company acquired 759 thousand shares and 120 thousand shares held by the non-controlling interest of Tainan Concrete Industrial Corp. between January to September in 2022, and October to November in 2021, resulting in an increase in shareholding ratio. In addition, the company acquired control of Tainan Concrete Industrial Corp. in March 2022 and included in subsidiaries. Please refer to Note 28.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021

Material associate		
Lioho Machine Works Ltd.	$ 10,618,566	$ 9,810,902
Associates that are not individually material		
Tainan Concrete Industrial Corporation(Note)	-	81,943
	$ 10,618,566	$ 9,892,845

Note：For the changes of investment in Tainan Concrete Industrial Corporation, please refer to Note 28.

a. Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	**2021**
Name of Associate		
Lioho Machine Works Ltd.	29.86%	29.86%

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

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

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

	December 31	
	2022	**2021**
Equity	$ 35,561,344	$ 32,856,494

	For the Year Ended December 31	
	2022	**2021**
Operating revenue	$ 12,040,246	$ 7,518,260
Net profit for the year	$ 2,756,092	$ 1,240,141
Other comprehensive gain	$ 545,750	$ (154,295)
Dividends received from Lioho Machine Works Ltd.	$ 179,162	$ 537,489

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2021	$ 5,096,927	$ 1,691,783	$ 3,404,810	$ 560,782	$ 758,574	$ 672,915	$12,185,791
Additions	-	359,503	67,043	111,831	27,159	249,380	814,916
Disposals	-	(39)	(6,340)	(5,812)	(10,378)	-	(22,569)
Reclassification from investment properties	(491,945)	-	-	-	-	-	(491,945)
Balance at December 31, 2021	$ 4,604,982	$ 2,051,247	$ 3,465,513	$ 666,801	$ 775,355	$ 922,295	$12,486,193
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 1,149,928	$ 3,213,110	$ 483,020	$ 556,657	$ 103,005	$ 5,505,720
Depreciation expense	-	24,257	36,831	31,131	20,100	-	112,319
Disposals	-	(12)	(6,340)	(5,812)	(10,378)	-	(22,542)
Balance at December 31, 2021	$ -	$ 1,174,173	$ 3,243,601	$ 508,339	$ 566,379	$ 103,005-	$ 5,595,497
Carrying amounts at December 31, 2021	$ 4,604,982	$ 877,074	$ 221,912	$ 158,462	$ 208,976	$ 819,290	$ 6,890,696
Cost							
Balance at January 1, 2022	$ 4,604,982	$ 2,051,247	$ 3,465,513	$ 666,801	$ 775,355	$ 922,295	$12,486,193
Additions	222,325	5,108	24,396	10,952	10,721	38,229	311,731
Disposals	(2,493)	-	(18,012)	(489)	(3,042)	-	(24,036)
Reclassification to investment properties	1,105,512	1,898	592	-	49	-	1,108,051
Balance at December 31, 2022	$ 5,930,326	$ 2,058,253	$ 3,472,489	$ 677,264	$ 783,083	$ 960,524	$13,881,939
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 1,174,173	$ 3,243,601	$ 508,339	$ 566,379	$ 103,005	$ 5,595,497
Depreciation expense	-	30,300	37,736	33,140	21,109	-	122,285
Disposals	-	-	(18,011)	(489)	(3,042)	-	(21,542)
						274,161	274,161
Balance at December 31, 2022	$ -	$ 1,204,473	$ 3,263,326	$ 540,990	$ 584,446	$ 377,166	$ 5,970,401
Carrying amounts at December 31, 2022	$ 5,930,326	$ 853,780	$ 209,163	$ 136,274	$ 198,637	$ 583,358	$ 7,911,538

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

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

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Land	$ 2,102	$ 3,001
Buildings	246,568	269,633
Machinery	15,279	8,708
	$ 263,949	$ 281,342

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 59,390	$ 32,251
Depreciation charge for right-of-use assets		
Land	$ 843	$ 806
Buildings	46,747	55,199
Machinery	4,332	3,732
	$ 51,922	$ 59,737

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	$ 52,153	$ 54,192
Non-current	$ 218,710	$ 233,167

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Land	1.422% - 1.71%	1.422% - 1.71%
Buildings	0.9% - 1.71%	0.9% - 1.71%
Machinery	0.9% - 1.95%	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	
	2022	**2021**
Expenses relating to short-term leases	$ 10,901	$ 3,812
Expenses relating to low-value assets leases	$ 585	$ 430
Total cash outflow for leases	$ 66,127	$ 68,332

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, 2021	$ 495,413	$ 169,977	$ 665,390
Disposals	210	-	210
Reclassification to property, plant and equipment	491,945	-	491,945
Balance at December 31, 2021	$ 987,568	$ 169,977	$ 1,157,545
Accumulated depreciation and impairment			
Balance at January 1, 2021	$ 80,167	$ 140,365	$ 220,532
Depreciation expense	-	1,179	1,179
Balance at December 31, 2021	$ 80,167	$ 141,544	$ 221,711
Carrying amounts at December 31, 2021	$ 907,401	$ 28,433	$ 935,834

(Continued)

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

As of December 31, 2022 and 2021, the Group has not yet completed the property registration of the land amounting to $113,247 thousand and $113,000 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 10-61 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 or the management refer to actual transaction price in neighboring areas.

	December 31	
	2022	2021
Fair value	$ 1,991,690	$ 2,663,299

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

	December 31	
	2022	2021
Year 1	$ 12,117	$ 22,700
Year 2	6,658	17,550
Year 3	6,592	14,465
Year 4	6,689	12,592
Year 5	6,689	9,689

Year 5 onwards	10,234	16,923
	$ 48,979	$ 93,919

18. OTHER INTANGIBLE ASSETS

	Patents	Licenses and Franchises	Trademarks	Computer Software	Total
Cost					
Balance at January 1, 2021	$ 8,390	$ 5,000	$ 20	$ 6,472	$ 19,882
Additions	288	773	-	2,462	3,523
Disposals	-	(11)	-	-	(11)
Balance at December 31, 2021	$ 8,678	$ 5,762	$ 20	$ 8,934	$ 23,394
Accumulated amortization					
Balance at January 1, 2021	$ 4,419	$ 2,869	$ 9	$ 4,510	$ 11,807
Amortization expense	682	999	2	1,500	3,183
Balance at December 31, 2021	$ 5,101	$ 3,868	$ 11	$ 6,010	$ 14,990
Carrying amounts at December 31, 2021	$ 3,577	$ 1,894	$ 9	$ 2,924	$ 8,404
Cost					
Balance at January 1, 2022	$ 8,678	$ 5,762	$ 20	$ 8,934	$ 23,394
Additions	404	-	24	5,817	6,245
Balance at December 31, 2022	$ 9,082	$ 5,762	$ 44	$ 14,751	$ 29,639
Accumulated amortization					
Balance at January 1, 2021	$ 5,101	$ 3,868	$ 11	$ 6,010	$ 14,990
Amortization expense	907	236	3	1,511	2,657
Balance at December 31, 2022	$ 6,008	$ 4,104	$ 14	$ 7,521	$ 17,647
Carrying amounts at December 31, 2022	$ 3,074	$ 1,658	$ 30	$ 7,230	$ 11,992

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

Patents	3-20 years
Licenses and franchises	10 years
Trademarks	10 years
Computer Software	2-5 years

19. BORROWINGS

a. Short-term borrowings

December 31

	2022	2021
Unsecured borrowings		
Line of credit borrowings	$ 2,290,000	$ 1,780,000

The range of interest rates was 1.60% - 1.98% and 0.82% - 0.85% per annum as of December 31, 2022 and 2021.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial papers	$ 1,000,000	$ 1,225,000
Less: Unamortized discount on bills payable	912	964
	$ 999,088	$ 1,224,036

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, 2022				
International Bills Finance Co., Ltd.	$ 300,000	$ 281	$ 299,719	2.138%
Ta Ching Bills Finance Co., Ltd.	100,000	71	99,929	2.158%
Mega Bills Finance Co., Ltd.	600,000	560	599,440	2.088% ~ 2.188%
	$ 1,000,000	$ 912	$ 999,088	
December 31, 2021				
International Bills Finance Co., Ltd.	$ 305,000	$ 164	$ 304,836	0.808% ~ 1.358%
Ta Ching Bills Finance Co., Ltd.	300,000	91	299,909	0.848%
China Bills Finance Co., Ltd.	275,000	375	274,625	0.848% ~ 1.248%
Taiwan Finance Co., Ltd.	190,000	88	189,912	0.848%
Mega Bills Finance Co., Ltd.	155,000	246	154,754	0.998% ~ 1.358%
	$ 1,225,000	$ 964	$ 1,224,036	

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	
	2022	2021
Other payable		
Payable for salaries or bonus	$ 128,794	$ 115,370
Payable for taxes	38,021	22,419
Payable for remuneration to directors	35,350	21,399
Payable for remuneration to employees	21,094	20,359
Payable for freight	17,658	25,175
Payables for equipment	11,358	13,912
Payable for annual leave	10,772	12,039
Others	107,113	65,749
	$ 370,160	$ 296,404
Other liabilities		
Temporary receipts	$ 22,380	$ 19,637
Receipts in advance	340	340
Others	250	661
	$ 22,970	$ 20,638

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 22,704	$ 258,000
Fair value of plan assets	(38,128)	(222,959)
Net defined benefit liability	($ 15,424)	$ 35,041

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, 2021	$ 284,147	($ 220,097)	$ 64,050
Current service cost	4,284	-	4,284
Net interest expense (income)	995	(783)	212
Recognized in profit or loss	5,279	(783)	4,496
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,156)	(3,156)
Actuarial loss - changes in demographic assumptions	12,988	-	12,988
Actuarial loss - changes in financial assumptions	(17,742)	-	(17,742)
Actuarial gain - experience adjustments	(2,057)	-	(2,057)
Recognized in other comprehensive income	(6,811)	(3,156)	(9,967)
Contributions from the employer	-	(23,538)	(23,538)
Benefits paid	(24,615)	24,615	-
Balance at December 31, 2021	258,000	(222,959)	35,041
Current service cost	3,342	-	3,342
liquidation benefit	(29,800)	(14,229)	(44,029)
Net interest expense (income)	1,934	(1,699)	235
Recognized in profit or loss	(24,524)	(15,928)	(40,452)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,725)	(2,725)
Actuarial gain - changes in financial assumptions	(2,061)	-	(2,061)

Actuarial gain - experience adjustments	680	-	680
Recognized in other comprehensive income	(1,381)	(2,725)	(4,106)
Contributions from the employer	-	(4,047)	(4,047)
Benefits paid	(10,882)	9,022	(1,860)
liquidation	(198,509)	198,509	-
Balance at December 31, 2022	$ 22,704	($ 38,128)	($ 15,424)

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	
	2022	2021
Operating costs	($ 25,370)	$ 2,281
Selling and marketing expenses	(6,803)	612
General and administrative expenses	(6,836)	1,476
Research and development expenses	(1,443)	127
	($ 40,452)	$ 4,496

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	
	2022	2021
Discount rate	1.4%	0.75%
Expected rate of salary increase	1.63% - 4%	1.63% - 4%

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

	December 31	
	2022	2021
Discount rate		
0.5% increase	($ 791)	$ (10,956)
0.5% decrease	$ 834	$ 11,672

Expected rate of salary increase		
0.5% increase	$ 805	$ 11,013
0.5% decrease	($ 770)	$ (10,456)

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	
	2022	**2021**
The expected contributions to the plan for the next year	$ 934	$ 6,926
The average duration of the defined benefit obligation	7 - 9years	7 - 10 years

23. EQUITY

a. Share capital

	December 31	
	2022	**2021**
Number of shares authorized (thousands)	1,000,000	653,609
Shares authorized	$ 10,000,000	$ 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	
	2022	**2021**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Treasury share transactions	$ 21,606	$ 21,606
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts.	57,156	945
May be used to offset a deficit only		
Share of changes in equities of associates	22,260	21,920

Overdue dividends not collected by shareholders	22,477	22,479
	$ 123,499	$ 66,950

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-f.

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

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

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

The appropriations of 2021 and 2020 earnings have been approved in the shareholders' meetings on June 14, 2022 and July 27, 2021, respectively. The appropriations and dividends per share were as follows:

	2021	2020
Legal reserve	$ 108,808	$ 115,575
Cash dividends	$ 653,609	$ 718,970
Cash dividends per share (NT$)	$ 1	$ 1.1

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on March 16, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 240,243	
Cash dividends	980,414	$ 1.5

The appropriation of earnings for 2022 will subject to the resolution of the shareholders' meeting.

d. Special reserves

	December 31	
	2022	**2021**
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	
	2022	2021
Balance at January 1	($ 945,843)	$ (892,298)
Share of exchange difference of associates accounted for using the equity method	146,367	(53,545)
Balance at December 31	($ 799,476)	$ (945,843)

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

	For the year Ended December 31	
	2022	2021
Balance at January 1	$ 1,638,872	$ 1,396,993
Recognized for the year		
Unrealized gain (loss) - equity instruments	73,912	243,289
Share from associates accounted for using the equity method	191	(1,410)
Other comprehensive income/(loss) during the year	74,103	241,879
The cumulative profit or loss arising from the disposals of equity instruments is transferred to retained earnings.	(1,077)	-
Balance at December 31	$ 1,711,898	$ 1,638,872

3) Remeasurement of defined benefit plans

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 69,720	$ 51,052
Remeasurement	3,344	10,037
Remeasurement on defined benefit plans related income tax	(669)	337
Share from associates accounted for using the equity method	16,999	8,294
Balance at December 31	$ 89,394	$ 69,720

4) Other equity items

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (17,217)	$ (17,217)

Share of associates accounted for using the equity method (Note)	-	-
Balance at December 31	$ (17,217)	$ (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	
	2022	2021
Balance at January 1	$ 151,011	$ 129,126
Share in profit (loss) for the year	142,097	26,148
Other comprehensive income/(loss) during the year		
Unrealized Gains (losses) on financial assets at fair value through profit or loss	(45)	
Remeasurement on defined benefit plans	762	(70)
Remeasurement on defined benefit plans related income tax	(152)	14
Non-controlling dividend distribution	(9,075)	(2,190)
Acquired non-controlling interests of subsidiaries (note 29)	479,869	-
Disposal of partial equity(Note 29	(155,893)	(2,017)
Balance at December 31	$ 608,574	$ 151,011

24. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 7,051,858	$ 6,072,453
Revenue from rendering of services	3,931	6,654
	$ 7,055,789	$ 6,079,107

a. Contract balances

	December 31		January 1
	2022	2021	2021
Notes and accounts receivable (Including related parties)	$ 1,983,282	$ 1,661,465	$ 1,413,029
Contract assets - current			
Sale of goods	$ 2,198	$ 3,262	$ 7,114

Less: Allowance for impairment loss	440	637	1,396
	1,758	2,625	5,718
Contract assets from related parties			
Sale of goods	$ 5,546	$ 5,546	$ 9,928
Less: Allowance for impairment loss	1,109	1,109	1,973
	4,437	4,437	7,955
	$ 6,195	$ 7,062	$ 13,673
Contract liabilities - current			
Sale of goods	$ 2,084	$ 10,275	$ 4,457

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	
	2022	2021
Expected credit loss rate	20%	20%
Gross carrying amount of retention receivable	$ 7,744	$ 8,808
Allowance for impairment loss (Lifetime ECLs)	(1,549)	(1,746)
	$ 6,195	$ 7,062

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

b. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
Concrete	$ 4,611,923	$ 3,971,701
Cement	1,468,607	1,284,859
Gypsum board panels	934,356	787,072
Others	40,903	35,475
	$ 7,055,789	$ 6,079,107

25. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 1,982	$ 1,109

b. Other income

	For the Year Ended December 31	
	2022	2021

Rental income - investment properties (Note 17)	$ 24,340	$ 25,345
Dividend income	227,609	160,502
Others	17,792	21,848
	$ 269,741	$ 207,695

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains and losses	$ 3,463	$ (542)
Gain on disposal of investment properties	403,203	-
Gain (loss) on disposal of property, plant and equipment	3,968	(17)
Gain on disposal of intangible assets	-	2,989
Financial assets mandatorily classified as at FVTPL	(12,244)	(4,201)
Gains of related parties(Note 28)	373,540	-
Impairment loss on assets	(274,161)	-
Development and design expenses	(5,143)	(6,286)
Others	(3,874)	(14,297)
	$ 488,752	($ 22,352)

d. Interest expense

	For the Year Ended December 31	
	2022	2021
Interest on loans	$ 38,000	$ 25,038
Interest on lease liabilities	3,671	4,254
	$ 41,671	$ 29,292

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 122,285	$ 112,319
Right-of-use assets	51,922	59,737
Investment properties	1,163	1,179
Intangible assets	2,657	3,183
	$ 178,027	$ 176,418
An analysis of depreciation - by function		
Operating costs	$ 114,607	$ 119,825
Operating expenses	59,600	52,231
Others (as non-operating income and expense)	1,163	1,179
	$ 175,370	$ 173,235
An analysis of amortization - by function		
Operating costs	$ 378	$ 204
Operating expenses	2,279	2,979
	$ 2,657	$ 3,183

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salaries	$ 582,086	$ 523,765
Labor and health insurance	55,709	51,243
Others	61,496	42,885
	699,291	617,893
Post-employment benefits		
Defined contribution plans	25,013	21,361
Defined benefit plans (Note 22)	(40,45	4,496

2)		
(	15,43	25,85
9)	7	
	$ 683,85	$ 643,75
2	0	

(Continued)

	For the Year Ended December 31	
	2022	2021
An analysis of employee benefits expense - by function		
Operating costs	$ 412,634	$ 440,139
Operating expenses	271,218	203,611
	$ 683,852	$ 643,750

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, 2022 and 2021 have been approved on March 16, 2023 and March 28, 2022, respectively as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	1.37%	1.68%
Remuneration of directors	1.37%	1.68%

Amount

	For the Year Ended December 31	
	2022	2021
Employees' compensation	$ 31,290	$ 20,860
Remuneration of directors	$ 31,290	$ 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, 2021 and 2020.

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	
	2022	2021
Current tax		
In respect of the current year	$ 179,642	$ 134,778
Income tax on unappropriated earnings	11,818	7,979
Adjustments for prior years	945	(4,219)
	192,405	138,538
Deferred tax		
In respect of the current year	7,432	5,605
Adjustments for prior years	-	(18,107)
	7,432	(12,502)
	$ 199,837	$ 126,036

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	$ 2,383,329	$ 1,240,262
Income tax expense calculated at the statutory rate	$ 476,665	$ 248,052
Tax-exempt income	(122,644)	(32,382)
Nondeductible expenses in determining taxable income	(235,784)	(72,875)
Unrecognized deductible temporary differences	40,700	966
Net operating loss carryforwards used	1,812	(3,378)
Additional income tax on unappropriated earnings	11,818	7,979
Land value increment tax	26,325	-
Income tax adjustments on prior years	945	(22,326)
	$ 199,837	$ 126,036

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		

Remeasurement of defined benefit plans	($ 821)	$ 351

c. Current tax assets and liabilities

	For the Year Ended December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 121,860	$ 119,517

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, 2022

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Allowance for impairment loss	$ 943	($ 510)	$ -	$ 433
Defined benefit obligation	708	14,268	49	15,025
Unrealized foreign exchange loss	4	94	-	98
Unrealized loss for impaired inventories and obsolete and slow-moving inventories	260	(97)	-	163
Unrealized payable promotion expenses	4,940	(2,865)	-	2,075
Others	1,390	1,506	-	2,896
	$ 8,245	$ 12,396	$ 49	$ 20,690
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,179,798	$ -	$ -	$ 1,179,798
Defined benefit obligation	8,345	(30)	(302)	8,013
Cash surrender value of life insurance	76	(76)	-	-
	$ 1,188,219	($ 106)	($ 302)	$ 1,187,811

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 2022	December 31 2021
Loss carryforwards		
Expire in 2032	$ 9,059	$ -
Expire in 2031	3,887	3,887
Expire in 2030	8,003	8,003
Expire in 2029	10,273	10,273
Expire in 2028	57,779	57,779
Expire in 2027	69,078	69,078
Expire in 2026	47,759	47,759
Expire in 2025	58,819	58,819
Expire in 2024	40,128	40,128
Expire in 2023	24,120	24,120
Expire in 2022	3,368	3,368
Expire in 2021	-	6,945
	$ 332,273	$ 330,159

	December 31 2022	December 31 2021
Deductible temporary differences		
Impaired inventories and obsoleteand slow-movinginventories	$ 34,027	$ 34,027

Net defined benefit obligation		
Impairment losses on assets	561,759	287,600
	$ 595,786	$ 321,627

f. Income tax examinations

Income tax returns through 2022 of Universal Investment Corporation, and 2020 of the Uneo Incorporated, Kaohsiung Harbor Transport Company, Chiayi Concrete Industrial Corporation, Huanchung Cement International 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	
	2022	**2021**
Profit for the year	$ 2,041,395	$ 1,088,078

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

	For the Year Ended December 31	
	2022	**2021**
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	1,747	1,197
Weighted average number of ordinary shares used in the computation of diluted earnings per share	655,356	654,806

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

28. ACQUISITION OF SUBSIDIARIES

a. Acquisition of subsidiaries

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

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

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

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

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

	Tainan Concrete Industrial Corp.
Current asset	
Cash	$ 12,780
Financial assets at amortized cost - current	15,000
Financial assets at fair value through other comprehensive income - current	1,741
Other current assets	169
Non-current assets	
Property, plant and equipment	1,108,051

	Tainan Concrete Industrial Corp.
Current liabilities	
Notes payable	($ 7)
Current tax liabilities	(338)
Other payables	(486)
Other current liabilities	(8)
Non-current liabilities	
Deferred tax liabilities	(131,310)
	$ 1,005,592

c. Non-controlling interests

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

d. Gain recognized in bargain purchase transaction

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

e. Net cash outflow of acquired subsidiary

	Tainan Concrete Industrial Corp.
Cash payments	$ 22,080
Balance of Cash payments	(12,780)
	$ 9,300

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

From May to July 2022 and in June to August 2021, the Group acquired shares held by the non-controlling interest of Universal Concrete Tainan Concrete Industrial Corp, and its shareholding increased from 52.28% to 67.78% and 58.06% to 58.99% respectively.

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

	2022	2021
	Obtaining non-controlling interests	
Cash consideration paid	($ 99,682)	($ 1,490)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	155,893	2,017
Differences recognized from equity transactions	$ 56,211	$ 527
Line items adjusted for equity transactions		
Capital surplus - changes in percentage of ownership interest in subsidiaries	$ 56,211	$ 527

30. CASH FLOWS INFORMATION

Cash used in obtaining property, plant and equipment by the Group during 2022 and 2021 was as below:

	For the Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	$ 311,731	$ 814,916
Payables on equipment	2,554	7,109
Prepaid on equipment	5,925	(618,041)
Total cash paid	$ 320,210	$ 203,984

31. CAPITAL MANAGEMENT

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

32. FINANCIAL INSTRUMENTS

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

The Group believes that the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, 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, 2022

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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 89,895	$ -	$ -	$ 89,895
Mutual funds	471	-	-	471
Limited partnership	-	-	22,022	22,022
	$ 90,336	$ -	$ 22,022	$ 112,388
Financial assets at FVTOCI				
Investments in equity instruments				
-Listed shares	$ 2,549,259	$ 458,700	$ -	$ 3,007,959
-Unlisted shares	-	-	1,540,374	1,540,374
	$ 2,549,259	$ 458,700	$ 1,540,374	$ 4,548,333

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

For the year ended December 31, 2022

	Financial assets at fair value through profit	Financial assets at fair value through other	Total

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

For the year ended December 31, 2021

	Financial assets at fair value through profit or loss	**Financial assets at fair value through other comprehensive income**	**Total**
Balance at January 1	$ -	$ 1,499,279	$ 1,499,279
Purchased	25,000	20,000	45,000
Recognized in income(other gains and losses)	(2,978)	-	(2,978)
Recognized in other comprehensive income（Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income）	-	21,095	21,095
Balance at December 31	$ 22,022	$ 1,540,374	$ 1,562,396

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

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

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

The fair values of unlisted equity securities in ROC was estimated 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	
	2022	2021
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 125,144	$ 112,388
Financial assets at amortized cost (1)	2,887,057	2,053,655
Financial assets at FVTOCI		
Equity instruments	4,662,857	4,548,333
Financial liabilities		
Financial liabilities at amortized cost (2)	4,561,922	4,051,705

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

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables 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	
	2022	2021
Fair value interest rate risk		
Financial assets	$ 173,273	$ 149,685
Financial liabilities	1,269,951	1,511,395
Cash flow interest rate risk		
Financial assets	682,388	218,725
Financial liabilities	2,290,000	1,780,000

b) Other price risk

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

Sensitivity analysis

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

If equity prices of domestic listed equity securities(excluding private placement), which was hold by the Group calculated by $ 2,261,853 thousand and $ 2,549,259 thousand, had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by $ 22,619 thousand and $ 25,493 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, 2022

	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	$ 1,263,155	$ -	$ 9,679	$ -
Lease liabilities	13,687	40,804	175,420	47,908
Variable interest rate liabilities	2,300,067	-	-	-
Fixed interest rate liabilities	1,000,000	-	-	-
	$ 4,576,909	$ 40,804	$185,099	$ 47,908

December 31, 2021

	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	$1,036,385	$ -	$ 11,284	$ -
Lease liabilities	14,688	42,248	193,763	48,300
Variable interest rate liabilities	1,781,972	-	-	-
Fixed interest rate liabilities	1,225,000	-	-	-
	$4,058,045	$ 42,248	$ 205,047	$ 48,300

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, 2022 and 2021, the Group has loan commitments $ 2,564,609 thousand, and $ 2,634,559 thousand, respectively.

33. 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
Bo-Chih Investment Corp.	The key management of the Group
Yu-Sheng Investment Corp.	The key management of the Group
Pan Asia Corp.	The key management of the Group serves as supervisor
Tainan Concrete Industrial Corp.	Associates(Note)
PAO GOOD INDUSTRIAL CO., LTD.	Other related parties

Note：The subsidiary of our company since March 2022.

b. Sales of goods

Account Items	Related Parties Category	For the Year Ended December 31 2022	2021
Sales revenue	The key management of the Group serves as a member its board of directors	$ 88,323	$ 62,364
	Other related parties	65,968	52,864
		$ 154,291	$ 115,228

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

c. Purchase of goods

Related Parties Category	For the Year Ended December 31 2022	2021
The key management of the Group serves as a member of its board of directors	$ 280,304	$ 264,867
Other related parties	14,349	9,634
	$ 294,653	$ 274,501

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

d. Contract assets

Related Party Category / Name	December 31 2022	December 31 2021
Other related parties		
Pan Asia Corp.	$ 5,546	$ 5,546
Less: Allowance for impairment loss	1,109	1,109
	$ 4,437	$ 4,437

e. Receivables from related parties (Excluding contract assets)

Account Items	Related Parties Category / Name	December 31 2022	December 31 2021
Accounts receivable from related parties	Other related parties		
	Pan Asia Corp.	$ 31,534	$ 26,432
	The key management of the Group serves as a member of its board directors	10,183	7,744
	Less: Allowance for impairment loss	33	12
		$ 41,684	$ 34,164

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

Account Items	Related Parties Category	December 31 2021	December 31 2021
Accounts payable - related parties	The key management of the Group serves as a member of its board of directors	$ 34,654	$ 32,168
	Other related parties	2,622	2,700
		$ 37,276	$ 34,868

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 2022	December 31 2021
Lease liabilities	Associates	-	$ 25,785

Line Item	Related Party Category	For the Year Ended December 31 2022	2021
Interest expense	Associates	$ 38	$ 88

Note：The subsidiary of our company since March 2022.

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 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:

Related Party Category	December 31 2021	2021
The key management of the Group serves as a member of its board of directors	$ 3,207	$ 3,207
Another company holding the position as chief management of the Group	92	23
	$ 3,299	$ 3,230

Total lease revenue is summarized as follows:

Related Party Category	For the Year Ended December 31 2022	2021
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	69	23
	$ 5,567	$ 5,521

i. Compensation of key management personnel

	For the Year Ended December 31 2022	2021
Short-term employee benefits	$ 43,942	$ 39,726
Post-employment benefits	760	504
	$ 44,702	$ 40,230

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021
Pledge deposits		
Current	$ 67	$ 5,147
Non-current	5,510	10,215
	$ 5,577	$ 15,362

35. 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	
	2022	2021
Acquisition of property, plant and equipment	$ 93,003	$ 82,593

b. As of December 31, 2022 and 2021, the promissory notes were $ 139,493 thousand and $ 104,183 thousand, respectively. These notes were provided as engineering performance bonds, which could be refunded when the guarantee is terminated.

c. As of December 31, 2022 and 2021, unused letters of credit for purchase of raw materials were $ 5,391 thousand and $26,756 thousand.

36. 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, 2022

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			
Monetary items			
USD	$ 1,558	30.71	$ 47,852
RMB	903	4.408	3,979
EUR	153	32.72	5,006

December 31, 2021

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			
Monetary items			
USD	$ 431	27.68	$ 11,937
RMB	902	4.344	3,918
EUR	136	31.32	4,244

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, 2022		For the Year Ended December 31, 2021	
Functional Currencies	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
NTD	1(NTD:NTD)	$ 3,463	1 (NTD:NTD)	$ (540)

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

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

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 5)

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

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

10) Intercompany relationships and significant intercompany transactions. (Table 7)

b. Related information on investees. (Table 6)

c. Information on investments in mainland China

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

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

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

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

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

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

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

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

d. Information on major shareholders: name, number and percentage of shareholding of shareholders with ownership achieving 5% and above. (Table 8)

38. SEGMENT INFORMATION

a. Operating segments information

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, 2022

	Building Materials Division	Assets Management Center	Adjustment and Elimination	Total
Revenue from external customers	$7,014,887	$ 40,902	$ -	$7,055,789
Inter-segment revenues	22,692	-	(22,692)	-
Segment revenues	$7,037,579	$ 40,902	($ 22,692)	$7,055,789
Segment profit	$1,311,303	$1,333,353	($219,656)	$2,450,000
Interest expenses				(41,671)
Profit before income tax				$ 2,383,329

For the year December 31, 2021

	Building Materials Division	Assets Management Center	Adjustment and Elimination	Total
Revenue from external customers	$ 6,043,633	$ 35,475	$ -	$ 6,079,108
Inter-segment revenues	22,784	-	(22,784)	-
Segment revenues	$ 6,066,417	$ 35,475	$ (22,784)	$ 6,079,108
Segment profit	$ 886,262	$ 434,530	$ (51,238)	$ 1,269,554
Interest expenses				(29,292)
Profit before income tax				$ 1,240,262

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			
	2022	**%**	**2021**	**%**
Hung Hsin Building Materials Ltd. (Note)	$ 624,940	9	$ 526,861	9

Note : Revenue from selling cement

TABLE 1

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 1,550,000	$ 800,000	$ -	2	For short-term financing	$ -	Operating capital	$ -	None	$ -	$ 8,367,162	$ 8,367,162
0	The Company	Uneo Incorporated	Other receivables	Yes	150,000	100,000	-	2	For short-term financing	-	Operating capital	-	None	-	8,367,162	8,367,162
0	The Company	Universal Concrete Industrial Corporation	Other receivables	Yes	600,000	300,000	-	2	For short-term financing	-	Operating capital	-	Land	300,000	8,367,162	8,367,162
0	The Company	Tainan Concrete Industrial Corp.	Other receivables	Yes	300,000	300,000	220,500	2	For short-term financing	-	Operating capital	-	None	-	8,367,162	8,367,162

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

Note 2: The upper limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements.

Note 3: The aggregate limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements.

TABLE 2

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature for Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limits for Each Borrower (Note 2)	Aggregate Financing Limits (Note 3)
													Item	Value		
0	The Company	Uneo Incorporated	Other receivables	Yes	$ 1,550,000	$ 800,000	$ -	2	For short-term financing	$ -	Operating capital	$ -	None	$ -	$ 8,367,162	$ 8,367,162
0	The Company	Universal Investment Corporation	Other receivables	Yes	150,000	100,000		2	For short-term financing	-	Operating capital	-	None	-	8,367,162	8,367,162
0	The Company	Universal Concrete Industrial Corporation	Other receivables	Yes	600,000	300,000		2	For short-term financing	-	Operating capital	-	Land	300,000	8,367,162	8,367,162
0	The Company	Tainan Concrete Industrial Corp.	Other receivables	Yes	300,000	300,000	220,500	2	For short-term financing	-	Operating capital	-	None	-	8,367,162	8,367,162

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

Note 2: The upper limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements.

Note 3: The aggregate limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements.

TABLE 2

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser / Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed / Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period (Note 6)	Actual Borrowing Amount	Amount Endorsed / Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4 , Note 5, Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Universal Concrete Industrial Corporation	(1)	$ 132,329	$ 120,000	$ 120,000	$ -	$ -	1	$ 20,917,904	Y	N	N
		Universal Investment Corporation	(1)	750,000	400,000	400,000	230,000	-	2	20,917,904	Y	N	N
		Uneo Incorporated	(1)	60,000	50,000	50,000	-	-	-	20,917,904	Y	N	N
1	Kaohsiung Harbor Transport Company	Universal Concrete Industrial Corporation	(3)	487,450	162,241	162,241	-	-	166	989,961	N	N	N
		The Company	(2)	487,450	319,928	319,928	-	-	328	989,961	N	Y	N
2	Universal Investment Corporation	Universal Concrete Industrial Corporation	(3)	3,841,535	122,521	122,521	-	-	16	7,050,481	N	N	N
		The Company	(2)	3,841,535	551,693	443,909	-	-	58	7,050,481	N	Y	N
	Universal Concrete Industrial Corporation	The Company	(2)	235,618	157,561	157,561	-	-	67	561,990	N	Y	N

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

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

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

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

Note 5: The upper limit for the subsidiary is equivalent to the net asset value of the subsidiary as stated in its latest financial statements, unless the Company or other subsidiaries give more guarantee.

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

Note 7: The upper limit for the subsidiary is equivalent to ten times of the net asset value of the subsidiary as stated in its latest financial statements.

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				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	40,621,948	$ 426.530	2.50	$ 426,530	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	28,441,983	628,567	0.15	628,567	
	Asia Pacific Telecom Corp.	-	Financial assets at FVTOCI - current	3,277,157	19,991	0.08	19,991	
	CHC Resources Co., Ltd.	The Company serves as a member of its board of directors	Financial assets at FVTOCI - current	17,020,254	782,932	6.85	782,932	
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	273,000	7,535	0.18	7,535	
	Privately offered shares							
	Creative Sensor Inc.	-	Financial assets at FVTPL - current	13,000,000	301,600	8.72	301,600	
	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	520,954	8.14	520,954	
	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	1,122,858	16.44	1,122,858	
	Universal Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non - current	1,400,000	12,935	1.16	12,935	
	CTBC Investments Corp.	-	Financial assets at FVTOCI - non - current	3,303,325	105,885	1.05	105,885	
	Kaohsiung Rapid Transit Corp.	-	Financial assets at FVTOCI - non - current	1,286,063	12,580	0.46	12,580	
	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 - current	24,000	427	-	427	
	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	38,316,900	402,328	2.36	402,328	
	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	
	Teco Electric & Machinery Co., Ltd.	-	Financial assets at FVTPL - current	2,300,000	63,365	0.11	63,365	
	Teco Image Systems Co., Ltd.	-	Financial assets at FVTPL - current	602,000	10,084	0.53	10,084	
	Privately offered shares							
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	9,000,000	208,800	6.04	208,800	
	Unlisted shares							
	Pan Asia (Engineers & Constructors) Corporation.	Subsidiary serves as supervisor	Financial assets at FVTOCI - non-current	3,102,803	41,733	2.71	41,733	
	Chinese Products Promotion Center	-	Financial assets at FVTOCI - non-current	7,540	632	1.98	632	

TABLE 3

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value Or Net Equity	
	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	33,055	8.06	33,055	
	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	4,000,000	39,972	3.64	39,972	
	Limited partnership							
	Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	-	43,733	3.23	43,733	
Tainan Concrete Industrial Corporation	Listed shares							
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	60,000	1,327	-	1,327	
	Preferred stock C of CTBC Financial Holding Co., Ltd.	〃	〃	2,987	177	-	177	

TABLE 4

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Universal Concrete Industrial Corporation.	Land: 8 parcels of land with the following lot numbers in Shalun section, Pitou Township, Changhua County: 988, and others. Building: Factory and equipment located at No. 553, Section 4, Changshui Road, Pitou Township, Changhua County.	2022.09.22	1980.08.31	$ 42,449	$ 343,500	the payment terms of the contract	$ 296,071	Jin Shan Co.,Ltd	Non-related party	Note 1	Note 2	—

Note 1: The sale of this investment property is part of the active management of funds.

Note 2: Professional appraiser: CBRE Real Estate Appraisal Co., Ltd. Appraised value: $ 277,140 thousand.

Note 3: "Transaction date" refers to the earlier of the signing date, payment date, commission date, transfer date, board resolution date, or any other date sufficient to determine the transaction counterparty and transaction amount.

TABLE 5

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Kaohsiung Harbor Transport Company	Subsidiary	Purchase (Freight)	$ 257,827	8	45 ~ 60 days after acceptance	Note	Equivalent	($13,013)	(2)	
	CHC Resources Corp.	The key management of the Group serves as a member of its board of directors	Purchase	238,692	6	30 ~ 65 days after acceptance	Equivalent	Equivalent	(31,285)	(5)	

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

TABLE 6

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	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	$ 115,686	$ 18,539	$ 12,977	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	22,643	22,643	2,252,378	86.63	40,488	(151)	(131)	
	Kaohsiung Harbor Transport Company	Kaohsiung city	Trucking operation	74,580	74,580	7,560,000	100.00	98,997	2,935	2,935	
	Universal Investment Corporation	Taipei city	Investment activities	650,000	650,000	75,000,000	100.00	705,049	15,323	15,323	
	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	33,774	33,774	7,691,411	58.12	330,170	332,238	195,987	
	Uneo Incorporated	Taipei city	Marketing of electronic Products	291,671	291,671	6,000,000	100.00	34,327	(9,009)	(9,009)	
	Li Yong Development Corporation	Taipei city	Investment activities, trading for real estate and leasing business	20,000	20,000	2,000,000	100.00	19,467	(99)	(99)	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	174,997	174,997	89,581,468	29.86	10,618,473	2,765,092	822,969	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete and cement material	238,144	68,454	2,023,624	67.45	678,325	2,015	1,156	
Universal Investment Corporation	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	858	858	115,494	0.87	858	-	-	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	5	5	361	0.01	5	-	-	
	Huanchung Cement International Corporation	Taichung city	Import, export, and sale of cement, cement material, fuel, and production	13	13	667	0.01	13	-	-	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete and cement material	178	178	10,000	0.33	178	-	-	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	93	93	1,680	-	93	-	-	

TABLE 7

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Company	Kaohsiung Harbor Transport Company	(1)	Freight expense	$ 257,827	The prices to related parties were not significantly different from those to third parties. Credit terms were 45 to 60 days after acceptance.	4
		Kaohsiung Harbor Transport Company	(1)	Accounts payable	13,013	The prices to related parties were not significantly different from those to third parties. Credit terms were 45 to 60 days after acceptance.	-
		Kaohsiung Harbor Transport Company	(1)	Other payables	17,828	The prices to related parties were not significantly different from those to third parties. Credit terms were 45 to 60 days after acceptance.	-
		Uneo Incorporated	(1)	Sales revenue	22,692	The sales prices have no comparison with those from third parties, net 60 days after shipment.	-
		Uneo Incorporated	(1)	Accounts receivable	3,292	The sales prices have no comparison with those from third parties, net 60 days after shipment.	-
		Tainan Concrete Industrial Corporation	(1)	Other receivables	220,500	Financing	-
1	Huanchung Cement International Corporation	Universal Concrete Industrial Corporation	(3)	Sales revenue	138,007	The prices and terms to related parties were not significantly different from transactions with third parties. The credit terms were 90 to 120 days after shipment.	2
		Universal Concrete Industrial Corporation	(3)	Accounts receivable	40,786	The prices and terms to related parties were not significantly different from transactions with third parties. The credit terms were 90 to 120 days after shipment.	-

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, 2021

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, 2021 and 2020, and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

We have audited the accompanying financial statements of Universal Cement Corporation (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, the Republic of China (ROC).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Occurrence of sales of concrete products

Refer to Note 4(14) and Note 23, the Company mainly manufactures and sells cement, ready mixed concrete and gypsum board panels. The sales amount of some concrete products changed greatly in 2022 and the change can be due to changes in volume or price or both. Sales is the main source of the Company's revenue and has a material impact on the Company's financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 16, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 306,017	1	$ 104,869	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,535	-	6,866	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	1,858,020	7	2,081,210	9
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	67	-	67	-
Contract assets - current (Notes 4 and 23)	1,759	-	2,545	-
Contract assets from related parties - current (Notes 4, 23 and 32)	4,437	-	4,437	-
Notes receivable (Notes 4 ,11 and 23)	399,898	2	395,276	2
Net Accounts receivable (Notes 4,11 and 23)	1,216,542	5	1,000,841	4
Accounts receivable from related parties (Notes 4, 11,23 and 32)	44,977	-	36,742	-
Other receivables (Notes 4 and 32)	221,862	1	106,365	1
Inventories (Notes 4 and 12)	304,870	1	266,451	1
Prepayments	19,562	-	16,310	-
Other current assets	3,907	-	3,686	-
Total current assets	4,389,453	17	4,025,665	17
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,076,812	8	1,709,936	7
Financial assets at amortized cost - non-current (Notes 4, 9, 10)	4,657	-	4,707	-
Investments accounted for using equity method (Notes 4 and 13)	12,640,982	48	11,111,932	46
Property, plant and equipment (Notes 4 and 14)	6,326,916	24	6,629,770	27
Right - of - use assets (Notes 4 and 15)	58,557	-	39,323	-
Investment properties (Notes 4 and 16)	634,706	3	685,616	3
Other intangible assets (Notes 4 and 17)	11,324	-	8,051	-
Deferred tax assets (Notes 4 and 25)	11,251	-	16,702	-
Prepayments for equipment	30,031	-	23,287	-
Net defined benefit assets(Notes 4 and 21)	6,697	-	-	-
Total non-current assets	21,801,933	83	20,229,324	83
TOTAL	$ 26,191,386	100	$ 24,254,989	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 18)	$ 2,210,000	9	$ 1,780,000	7
Short-term bills payable (Note 4 and 18)	799,261	3	1,059,292	4
Contract liabilities - current (Notes 4 and 23)	240	-	1,224	-
Notes payable (Note 19)	30	-	-	-
Accounts Payable (Note 19)	609,753	2	578,635	3
Accounts Payable to related parties (Notes 19 and 32)	47,288	-	43,229	-
Other payables (Note 20 and 32)	316,494	1	258,827	1
Current tax liabilities (Notes 25)	112,632	1	107,052	1
Lease liabilities - current (Notes 4, 15 and 32)	10,587	-	13,445	-
Other current liabilities (Note 20)	21,674	-	18,590	-
Total current liabilities	4,127,959	16	3,860,294	16
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 25)	1,088,991	4	1,088,997	5
Lease liabilities - non-current (Notes 4, 15 and 32)	48,170	-	26,072	-
Guarantee deposits	8,362	-	8,827	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	-	-	37,334	-
Total non-current liabilities	1,145,523	4	1,161,230	5
Total liabilities	5,273,482	20	5,021,524	21
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Capital stock - common stock	6,536,092	25	6,536,092	27
Capital surplus	123,499	-	66,950	-
Retained earnings				
Legal reserve	2,715,883	11	2,607,075	11
Special reserve	3,185,793	12	3,185,793	13
Unappropriated earnings	7,372,038	28	6,092,023	25
Total retained earnings	13,273,714	51	11,884,891	49
Other equity	984,599	4	745,532	3
Total equity	20,917,904	80	19,233,465	79
TOTAL	$ 26,191,386	100	$ 24,254,989	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, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022			2021	
	Amount	**%**		**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 32)	$ 5,710,196	100		$ 4,826,439	100
OPERATING COSTS (Notes 12, 21, 24 and 32)	4,533,229	79		3,863,835	80
GROSS PROFIT	1,176,967	21		962,604	20
OPERATING EXPENSES (Notes 21, 24 and 32)					
Selling and marketing expenses	120,348	2	120,348	90,348	2
General and administrative expenses	188,617	3	188,617	167,842	3
Research and development expenses	81,526	2	81,526	76,718	2

Expected credit loss (gain)	8,487	-	(1,954)	-
Total operating expenses	398,978	7	332,954	7
PROFIT FROM OPERATIONS	777,989	14	629,650	13
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 32)				
Interest income	1,775	-	141	-
Other income	224,216	4	177,733	4
Other gains and losses	203,980	4	(9,544)	-
Interest expenses	(35,034)	(1)	(20,939)	(1)
Share of profit or loss of associates	1,042,108	18	424,060	9
Total non-operating income and expenses	1,437,045	25	571,451	12
PROFIT BEFORE INCOME TAX	2,215,034	39	1,201,101	25
INCOME TAX EXPENSE (Notes 4 and 25)	173,639	3	113,023	2
NET PROFIT FOR THE YEAR	2,041,395	36	1,088,078	23
OTHER COMPREHENSIVE INCOME (Notes 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	-	-	10,048	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	143,686	3	199,183	4
Share of the other comprehensive income or loss of associates accounted for using the equity method	(49,909)	(1))	50,981	1

(Continued)

Universal Cement Corporation

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss	$ -	-	$ 335	-
	93,777	2	260,547	5
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of associates accounted for using the equity method	146,367	2	(53,545)	(1)
	146,367	2	(53,545)	(1)
Other comprehensive income (loss) for the year, net of income tax	240,144	4	207,002	4
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,281,539	40	$ 1,295,080	27
EARNINGS PER SHARE (Note 26)				
Basic	$ 3.12		$ 1.66	
Diluted	3.11		1.66	

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, 2022 AND 2021
(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, 2021	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
Appropriation of 2020 earnings (Note 22)												
Legal reserve	-	-	115,575	-	(115,575)	-	-	-	-	-		-
Cash dividends distributed by the Company - NT$ 1.1 per share	-	-	-	-	(718,970)	-	-	-	-	-		(718,970)
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 28)	–	[illegible]	–	–	–	–	–	–	–	–		[illegible]
Changes in recognition of associates accounted for using equity method	-	605	-	-	-	-	-	-	-	-		605
Overdue dividends not collected by shareholders	-	(4)	-	-	-	-	-	-	-	-		(4)
Net profit for the year ended December 31, 2021	-	-	-	-	1,088,078	-	-	-	-	-		1,088,078
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(53,545)	241,879	18,668	-	207,002		207,002
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,088,078	(53,545)	241,879	18,668	-	207,002		1,295,080
BALANCE AT DECEMBER 31, 2021	$ 6,536,092	$ 66,950	$ 2,607,075	$ 3,185,793	$ 6,092,023	($ 945,843)	$ 1,638,872	$ 69,720	($ 17,217)	$ 745,532		$ 19,233,465
Appropriation of 2021 earnings (Note 22)												
Legal reserve	-	-	108,808	-	(108,808)	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	653,609)	(653,609)
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 27)	-	56,2111	-	-	-	-	-	-	-	-	56,211	56,211
Disposals of investments in equity instruments at fair value through other comprehensive income					1,077		(1,077)			(1,077)		-
Changes in recognition of associates accounted for using equity method	-	340	-	-	(40)	-	-	-	-	-		300
Overdue dividends not collected by shareholders	-	(2)	-	-	-	-	-	-	-	-		(2)

Net profit for the year ended December 31, 2022	-	-	-	-	2,041,395	-	-	-	-	-			2,041,395
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	146,367	74,103	19,674	-	240,144	240,144		240,144
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,041,395	146,367	74,103	19,674	-	240,144	2,281,539	-	2,281,539
BALANCE AT DECEMBER 31, 2022	$ 6,536,092	$ 123,499	$ 2,715,883	$ 3,185,793	$ 7,372,038	($ 799,476))	$ 1,711,898	$ 89,394	($ 17,2177)))	$ 984,599	$ 20,917,904	$ 6,536,092	$ 20,917,904

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

(Concluded)

Universal Cement Corporation

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax		
Income before income tax	$ 2,215,034	$ 1,201,101
Adjustments for:		
Depreciation expenses	123,591	114,763
Amortization expenses	2,415	2,992
Expected credit loss (gain) recognized	8,487	(1,954)
Interest expenses	35,034	20,939
Interest income	(1,775)	(141)
Dividend income	(193,444)	(142,112)
Share of profit of associates	(1,042,108)	(424,060)
Loss (Gain) on disposal of property, plant and equipment net	(3,950)	17
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(669)	(491)
	(424,060)	
Gain on disposal of investment properties	(107,131)	-
Gain on disposal of other intangible assets	-	(2,989)
Regarded as gain on disposal of associate	(373,540)	
Inventory write-downs	-	752
Impairment loss on assets	274,161	-
Gain on lease modification	(93)	-
Changes in operating assets and liabilities	(44,029)	
Contract assets (Including related parties)	983	3,531
Notes receivable	(4,622)	(33,224)
Accounts receivable (Including related parties)	(232,620)	(187,726)
Other receivables	4	(772)
Inventories	(38,419)	(19,913)
Prepayments	(3,252)	29,608
Other current assets	(221)	1,473
Contract liabilities	(984)	659
Notes payable (Including related parties)	30	(209)
Accounts payable (Including related parties)	35,177	98,201

Other payables	60,983	(2,555)
Other current liabilities	3,084	(92)
Net defined benefit liability	(2)	(18,777)
Cash generated from operations	712,124	639,021
Interest received	1,775	141
Dividends received	402,700	689,375
Income tax paid	($ 162,614)	(63,482)
Net cash generated from operating activities	953,985	1,265,055
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through other comprehensive income	-	(321,038)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	-
Increase in financial assets at amortized cost	(1,160)	(541)
Decrease in financial assets at amortized cost	1,210	11,029
Acquisitions of financial assets at fair value through profit or loss	-	(59,033)

(Continued)

Universal Cement Corporation

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Acquisitions of investments accounted for using equity method	(169,690)	($ 428,490)
Refunds from financial assets at fair value through profit or loss	-	52,658
Payments for property, plant and equipment	(93,608)	(191,534)
Refunds from disposal of property, plant and equipment	6,443	214
Payments for intangible assets	(5,688)	(3,443)
Refunds from disposal of intangible assets	-	3,000
Payments for investment properties	(3,956)	(210)
Refunds from disposal of investment properties	161,430	-
Increase in other receivables	(220,500)	(147,000)
Dncrease in other receivables	105,000	42,000
Dncrease in other non-current assets	-	380
Net cash used in investing activities	(220,519)	(1,042,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	430,000	495,000
Increase (decrease) in short-term bills payable	(260,000)	20,000
Proceeds from guarantee deposits received	665	655
Refund of guarantee deposits received	(1,130)	(260)
Repayment of the principal portion of lease liabilities	(13,437)	(19,132)
Dividends paid to owners of the Company	(653,609)	(718,970)
Interest Paid	(34,807)	(20,653)
Net cash used in financing activities	(532,318)	(243,360)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	201,148	(20,313)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	104,869	125,182
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$306,017	$ 104,869

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, 2022 AND 2021
(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 16, 2023.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

b. Basis of preparation

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

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

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

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing its financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in its financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates and related equity items, as appropriate, in these financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Business combinations

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investments in subsidiaries

Equity method is adopted for investments in subsidiaries.

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

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

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

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

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

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

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

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

h. Investment in associates

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

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

k. Intangible assets

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

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

   a) Measurement category

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

      i. Financial assets at FVTPL

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

         Financial assets at FVTPL are subsequently measured at fair value, with dividends or interest and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

      ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

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.

n. Revenue recognition

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

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

o. Leases

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

1) The Company as lessor

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

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

When a lease includes both land and building elements, the Company 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 Company as lessee

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

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

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

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

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies adopted by the Company do not involve material accounting judgments, estimations and assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 380	$ 282
Checking accounts and demand deposits	273,392	104,587
Cash equivalents(Time deposits with original maturities of less than 3 months)		
deposit account	32,245	-

	$ 306,017	$ 104,869

The ranges of interest rates for time deposits were 4.75%~4.80% on December 31, 2022.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares and emerging market shares	$ 7,535	$ 6,866

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	**2021**
Investments in equity instruments at FVTOCI - Current		
Domestic investments		
Listed shares and emerging market shares	$ 1,858,020	$ 2,081,210
Investments in equity instruments at FVTOCI - Non-current		
Domestic investments		
Privately placed listed shares and emerging market shares	$ 301,600	$ 271,050
Unlisted shares	1,775,212	1,438,886
	$ 2,076,812	$ 1,709,936

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	**2021**
Current		
Pledged time deposits (a)	$ 67	$ 67
Non-current		
Refundable deposits	$ 4,657	$ 4,707

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.44% and 0.815% per annum as of December 31, 2022 and 2021, 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 2022	December 31 2021
Financial assets at amortized cost - current	$ 67	$ 67
Financial assets at amortized cost - non-current	4,657	4,707
	$ 4,724	$ 4,774

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, 2022 and 2021, no expected credit losses have been recognized in financial assets measured at amortized cost.

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

	December 31 2022	December 31 2021
Notes receivable		
At amortized cost		
Notes receivable - operating	$ 399,898	$ 395,276
Accounts receivable (Including related parties)		
At amortized cost	$ 1,273,493	$ 1,040,873
Less: Allowance for impairment loss	11,974	3,290
	$ 1,261,519	$ 1,037,583

a. Notes receivable

The Company analyzed notes receivable was not past due based on past due status, and the Company did not recognize an expected credit loss for notes receivable as of December 31, 2022 and 2021.

b. Accounts receivable (Including related parties)

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

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

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

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

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

December 31, 2022

	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.1%	0.27%	0.67%	2.17%	10.58%	31.99%～44.98%	100%	
Gross carrying amount	$ 943,250	$ 216,241	$ 80,809	$ 8,436	$ 714	$ 22,195	$ 1,848	$1,273,493
Loss allowance (Lifetime ECL)	(425)	(579)	(543)	(183)	(76)	(8,320)	(1,848)	(11,974)
Amortized cost	$ 942,825	$ 215,662	$ 80,266	$ 8,253	$ 638	$ 13,875	$ -	$1,261,519

December 31, 2021

	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	0.05%	0.14%	0.41%	1.52%	7.17%	16.16%～23.42%	100%	
Gross carrying amount	$ 824,965	$ 136,489	$ 53,953	$ 21,972	$ 1,041	$ 243	$ 2,210	$1,040,873
Loss allowance (Lifetime ECL)	(202)	(191)	(221)	(334)	(75)	(57)	(2,210)	(3,290)
Amortized cost	$ 824,763	$ 136,298	$ 53,732	$ 21,638	$ 966	$ 186	$ -	$1,037,583

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

December 31, 2022

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1	$ 1,745	$ 3,290	$ 5,035
Add: Net remeasurement of loss allowance	(197)	8,684	8,487
Balance at December 31	$ 1,548	$ 11,974	$ 13,522

December 31,2021

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1	$ 2,452	$ 5,073	$ 7,525
Add: Net remeasurement of loss allowance	(707)	(1,247)	(1,954)

Less: Amounts written off	-	(536)	(536)
Balance at December 31	$ 1,745	$ 3,290	$ 5,035

12. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 90,126	$ 81,421
Work in process	22,615	9,872
Raw materials and supplies	192,129	175,158
	$ 304,870	$ 266,451

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was $ 4,533,229 thousand and $ 3,863,835 thousand, respectively. For the years ended December 31, 2021, the cost of goods sold included inventory write-downs amounting to $752 thousand.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	$ 2,022,509	$ 1,219,359
Investments in associates	10,618,473	9,892,573
	$ 12,640,982	$ 11,111,932

a. Investments in subsidiaries

	December 31	
	2022	2021
Chiayi Concrete Industrial Corporation	$ 40,488	$ 40,619
Huanchung Cement International Corporation	115,686	112,282
Kaohsiung Harbor Transport Company	98,997	97,490
Universal Investment Corporation	705,049	768,307
Universal Concrete Industrial Corporation	330,170	137,759
Uneo Incorporated	34,327	43,336
Li Yong Development Corporation.	19,467	19,566
Tainan Concrete Industrial Corporation	678,325	-
	$ 2,022,509	$ 1,219,359

	December 31	
Proportion of Ownership and Voting Rights Percentage	2022	2021
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.	58.12%	58.12%
Uneo Incorporated.	100.00%	100.00%
Li Yong Development Corporation.	100.00%	100.00%
Tainan Concrete Industrial Corporation.(note)	% 67.45	

Note：The Company acquired 759 thousand shares and 120 thousand shares held by the non-controlling interest of Tainan Concrete Industrial Corp. between January to September in 2022, and October to November in 2021, resulting in an increase in shareholding ratio. In addition, the company acquired control of Tainan Concrete Industrial Corp. in March 2022 and included in subsidiaries. Please refer to Note 27.

b. Investments in Associates

		December 31	
		2022	**2021**
Material associate			
Lioho Machine Works Ltd.	$10,077,249	$ 10,618,473	$ 9,810,809
Associates that are not individually material			
Tainan Concrete Industrial Corporation	537,790	-	81,764
	$10,077,249	$ 10,618,473	$ 9,892,573

Note: The changes in investment on Tainan Concrete Industrial Corporation in Note 27.

1. Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2022	**2021**
Name of Associate		
Lioho Machine Works Ltd.	29.86%	29.86%

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

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

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

	December 31	
	2022	**2021**
Equity	$ 35,561,344	$ 32,856,494

	For the Year Ended December 31	
	2022	**2021**
Operating revenue	$ 12,040,246	$ 7,518,260
Net profit for the year	$ 2,756,092	$ 1,240,141
Other comprehensive loss	$ 547,750	$ (154,295)
Dividends received from Lioho Machine Works Ltd.	$ 179,162	$ 537,489

2. Associates that are not individually significant

	For the Year Ended December 31	
	2022	**2021**
Share of the company		
Net profit for the year	$ 411	$ 2,594
Other comprehensive income	-	(589)
Total comprehensive income	$ 411	$ 2,005

Profit and Loss of affiliated enterprise of equity method and other comprehensive P&L are recognized according to the financial statements of respective affiliated enterprises under the same period which is audited by CPA.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2021	$4,879,453	$1,648,906	$3,162,364	$ 404,659	$ 733,574	$672,915	$11,501,871
Additions	-	358,602	64,748	104,134	25,226	249,380	802,090
Disposals	-	(39)	(6,864)	(5,812)	(10,336)	-	(23,051)
Reclassification from investment properties	(491,945)		-	-	-	-	(491,945
Balance at December 31, 2021	$4,387,508	$2,007,469	$3,220,248	$ 502,981	$ 748,464	$ 922,295	$11,788,965
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$1,113,553	$2,983,180	$ 350,125	$ 537,077	$ 103,005	$5,086,940
Depreciation expense	-	22,619	33,272	20,006	19,118	-	95,075
Disposals	-	(12)	(6,660)	(5,812)	(10,336)	-	(22,820)
Reclassification from investment properties	-		-	-	-	-	
Impairment loss	-	-	-	-		-	
Balance at December 31, 2021	$ -	$1,136,160	$3,009,792	$ 364,379	$ 545,859	$ 103,005	$5,159,195
Carrying amounts at December 31, 2021	$4,387,508	$ 871,309	$ 210,456	$ 138,602	$ 202,605	$ 819,290	$6,629,770
Cost							
Balance at January 1, 2022	$ 4,387,508	$ 2,007,469	$ 3,220,248	$ 502,981	$ 748,464	$ 922,295	$ 11,788,965
Additions	2,105	2,618	20,788	9,474	10,310	37,993	83,288
Disposals	(2,493)	-	(300)	(179)	(2,761)	-	(5,733)
Balance at December 31, 2022	$ 4,387,120	$ 2,010,087	$ 3,240,736	$ 512,276	$ 756,013	$ 960,288	$ 11,866,520
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 1,136,160	$ 3,009,792	$ 364,379	$ 545,859	$ 103,005	$ 5,159,195
Depreciation expense	-	28,532	33,356	27,581	20,019	-	109,488
Disposals	-	-	(300)	(179)	(2,761)	-	(3,240)
Impairment loss						274,161	274,161
Balance at December 31, 2022	$ -	$ 1,164,692	$ 3,042,848	$ 391,781	$ 563,117	$ 377,166	$ 5,539,604
Carrying amounts at December 31, 2022	$ 4,387,120	$ 845,395	$ 197,888	$ 120,495	$ 192,896	$ 583,122	$ 6,326,916

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

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

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Buildings	$ 47,282	$ 31,206
Machinery	11,275	8,117
	$ 58,557	$ 39,323

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets (Note)	$ 55,298	$ 31,491
Depreciation charge for right-of-use assets		
Buildings	$ 9,868	$ 16,033
Machinery	3,668	3,088
	$ 13,536	$ 19,121

Except for depreciation expenses added and recognized above, the right-of-use asset did not encounter underlying sub-lease or loss in value.

b. Lease liabilities

	December 31	
Carrying amounts	2022	2021
Current	$ 10,587	$ 13,445
Non-current	$ 48,170	$ 26,072

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Buildings	0.9%	0.9%
Machinery	0.9%～1%	0.9%～1%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 10,893	$ 3,812
Expenses relating to low-value assets leases	$ 208	$ 208
Total cash outflow for leases	$ 24,894	$ 23,401

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

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1 , 2021	$ 239,939	$ 116,602	$ 356,541
Disposals	210		210
Reclassification to property, plant and equipment	491,945		491,945
Balance at December 31, 2021			
	$ 732,094	$ 116,602	$ 848,696
Accumulated depreciation and impairment			
Balance at January 1 , 2021			
Depreciation expense	$ 61,135	$ 101,378	$ 162,513
Disposals	-	567	567
Balance at December 31, 2022	$ 61,135	$ 101,945	$ 163,080
Carrying amounts at December 31, 2021	$ 670,959	$ 14,657	$ 685,616

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 732,094	$ 116,602	$ 848,696
Additions	3,956	-	3,956
Disposals	(72,201)	(18,375)	(90,576)
Balance at December 31, 2022	$ 663,849	$ 98,227	$ 762,076
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ 61,135	$ 101,945	$ 163,080
Depreciation expense	-	567	567
Disposals	(17,903)	(18,374)	(36,277)
Balance at December 31, 2022	$ 43,232	$ 84,138	$ 127,370
Carrying amounts at December 31, 2022	$ 620,617	$ 14,089	$ 634,706

As of December 31, 2022 and 2021, the Company has not yet completed the property registration of the land both amounting to $95,548 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 61 years of useful lives.

The fair values of the investment properties of the company as at December 31, 2022 and 2021 were $1,928,769 thousand and $1,564,230 thousand respectively. The fair values were determined by the independent appraisal company on each balance sheet date in the past three years with reference to similar real estate The fair value of the transaction price is based on market evidence, or the company's management refers to the actual transaction price in nearby areas.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2022 and 2021 was as follows:

	December 31	
	2022	2021
Year 1	$ 10,296	$ 13,645
Year 2	6,657	10,254
Year 3	6,592	8,801
Year 4	6,689	6,628
Year 5	6,689	6,689
Year 5 onwards	10,234	16,923
	$ 47,157	$ 62,940

17. OTHER INTANGIBLE ASSETS

	Patents	Licenses and Franchises	Trademarks	Computer Software	Total
Cost					
Balance at January 1, 2021	$ 7,950	$ 5,000	$ 20	$ 3,336	$ 16,306
Additions	208	773	-	2,462	3,443
Disposals		(11)			(11)
Balance at December 31, 2021	$ 8,158	$ 5,762	$ 20	$ 5,798	$ 19,738
Accumulated amortization					
Balance at January 1, 2021	$ 4,307	$ 2,869	$ 9	$ 1,510	$ 8,695
Amortization expense	563	999	2	1,428	2,992
Balance at December 31, 2021	$ 4,870	$ 3,868	$ 11	$ 2,938	$ 11,687
Carrying amounts at December 31, 2021	$ 3,288	$ 1,894	$ 9	$ 2,860	$ 8,051
Cost					
Balance at January 1, 2022	$ 8,158	$ 5,762	$ 20	$ 5,798	$ 19,738
Additions	270	-	24	5,394	5,688
Balance at December 31, 2022	$ 8,428	$ 5,762	$ 44	$ 11,192	$ 25,426
Accumulated amortization					
Balance at January 1, 2022	$ 4,870	$ 3,868	$ 11	$ 2,938	$ 11,687
Amortization expense	735	236	3	1,441	2,415

Balance at December 31, 2022	$ 5,605	$ 4,104	$ 14	$ 4,379	$ 14,102
Carrying amounts at December 31, 2022	$ 2,823	$ 1,658	$ 30	$ 6,813	$ 11,324

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

Patents	19 years
Licenses and franchises	10 years
Trademarks	10 years
Computer Software	2-3 years

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	**2021**
Unsecured borrowings		
Line of credit borrowings	$ 2,210,000	$ 1,780,000

The range of interest rates was 1.60% - 1.92% and 0.82% - 0.85% per annum as of December 31, 2022 and 2021.

b. Short-term bills payable

	December 31	
	2022	**2021**
Commercial papers	$ 800,000	$ 1,060,000
Less: Unamortized discount on bills payable	739	708
	$ 799,261	$ 1,059,292

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, 2022				
International Bills Finance Corporation	$ 300,000	$ 281	$ 299,719	2.138%
Mega Bills Finance Corporation	500,000	458	499,542	2.088%
	$ 800,000	$ 739	$ 799,261	
December 31, 2021				
Taiwan Finance Co., Ltd.	$ 190,000	$ 88	$ 189,912	0.848%
Ta Ching Bills Finance Co., Ltd.	300,000	91	299,909	0.848%

Taiwan Cooperative Bills Finance Co., Ltd.	270,000	370	269,630	0.848%
Mega Bills Finance Co., Ltd.	300,000	159	299,841	0.808%
	$ 1,060,000	$ 708	$ 1,059,292	

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

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

20. OTHER PAYABLES AND OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payable		
Payable for salaries or bonus	$ 101,311	$ 89,241
Payable for freight	38,922	39,561
Payable for remuneration to directors	31,290	20,860
Payable for remuneration to employees	31,290	20,860
Payable for promotion service fee	26,635	10,375
Payable for business tax	23,027	6,188
Payable for taxes	17,658	25,157
Payable for equipment	10,336	13,912
Payable for utility bills	7,958	5,495
Payable for annual leave	6,247	7,609
Others	21,820	19,569
	$ 316,494	$ 258,827
Other liabilities		
Temporary receipts	$ 21,616	$ 18,490
Others	58	100
	$ 21,674	$ 18,590

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ -	$ 223,889
Fair value of plan assets	(6,697)	(186,555)
Net defined benefit liability	$ 6.697	$ 37,334

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 December 31, 2021	249,305	(183,146)	66,159
Current service cost	3,590	-	3,590
Net interest expense (income)	873	(652)	221
Components of defined benefit costs recognized in profit or loss	$ 4,463	($ 652)	$ 3,811
Return on plan assets (excluding amounts included in net interest)	-	(2,629)	(2,629)
Actuarial loss - changes in demographic assumptions	11,422	-	11,422
Actuarial loss - changes in financial assumptions	(15,462)	-	(15,462)
Actuarial gain - experience adjustments	(3,379)	-	(3,379)
Recognized in other comprehensive income	(7,419)	(2,629)	(10,048)
Contributions from the employer	-	(22,588)	(22,588)
Benefits paid	(22,460)	22,460	-
Balance at December 31, 2021	$ 223,889	($ 186,555)	$ 37,334
Service cost			
Current service cost	2,741	-	2,741

Settlement Benefit	(29,800)	(14,229)	(44,029)
Interest expenses (income)	1,679	(1,422)	257
Components of defined benefit costs recognized in profit or loss	(25,380)	(15,651)	(41,031)
Contributions from the employer	-	(3,000)	(3,000)
Settlement	(198,509)	198,509	-
Balance at December 31, 2022	$ -	($ 6,697)	($ 6,697)

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	
	2022	**2021**
Operating costs	($ 25,369)	$ 2,281
Selling and marketing expenses	(6,804)	612
General and administrative expenses	(7,415)	791
Research and development expenses	(1,443)	127
	($ 41,031)	$ 3,811

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	
	2022	**2021**
Discount rate	1.4%	0.75%
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	
	2022	**2021**
Discount rate		
0.5% increase	$ -	($ 9,546)
0.5% decrease	$ -	$ 10,172
Expected rate of salary increase		
0.5% increase	$ -	$ 9,575
0.5% decrease	$ -	($ 9,090)

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	
	2022	**2021**
The expected contributions to the plan for the next year	$	$ 6,000
The average duration of the defined benefit obligation		8years

22. EQUITY

a. Share capital

	December 31	
	2022	**2021**
Number of shares authorized (thousands)	1,000,000	653,609
Shares authorized	$ 10,000,000	$ 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	
	2022	2021
<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.	57,156	945
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	22,260	21,920
Overdue dividends not collected by shareholders	22,477	22,479
	$ 123,499	$ 66,950

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company makes profit in a fiscal year, the profit shall be first utilized to pay taxes, offset losses of previous years, set aside as legal reserve with 10% of the remaining profit, set aside or reverse a special reserve in accordance with the laws and regulations, and lastly, together with any undistributed retained earnings, serve as the basis of a distribution plan proposed by the Company's board of directors in accordance with the resolution of the shareholders' meeting pertaining to the distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 24-g.

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

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

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

The appropriations of 2021 and 2020 earnings have been approved in the shareholders' meetings on June

14, 2022 and July 27, 2021, respectively. The appropriations and dividends per share were as follows:

	2021	2020
Legal reserve	$ 108,808	$ 115,575
Cash dividends	$ 653,609	$ 718,970
Cash dividends per share (NT$)	$ 1	$ 1.1

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on March 16, 2023. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 204,243	
Cash dividends	980,414	$ 1.5

The appropriation of earnings for 2022 will subject to the resolution of the shareholders' meeting.

d. Special reserves

	December 31	
	2022	**2021**
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	
	2022	**2021**
Balance at January 1	$ (945,843)	$ (892,298)
Share of exchange difference of associates accounted for using the equity method	(146,367)	(53,545)
Balance at December 31	$ (799,476)	$ (945,843)

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

	For the year Ended December 31	
	2022	**2021**
Balance at January 1	$ 1,638,872	$ 1,396,993
Recognized for the year		
Unrealized gain (loss) - equity instruments	143,686	199,183
Share from associates accounted for using the equity method	(69,583)	42,696
Other comprehensive income	74,103	241,879

The cumulative profit or loss arising from the disposals of equity instruments is transferred to retained earnings.	(1,077)	
Balance at December 31	$ 1,711,898	$ 1,638,872

3) Remeasurement of defined benefit plans

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 69,720	$ 51,052
Changes in tax rate		
Remeasurement of defined benefit plans	-	10,048
Remeasurement on defined benefit plans related income tax	-	335
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	19,674	8,285
Balance at December 31	$ 89,394	$ 69,720

4) Other equity items

	For the Year Ended December 31	
	2022	2021
Balance at January 1	($ 17,217)	($ 17,217)
Balance at December 31	($ 17,217)	($ 17,217)

23. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 5,710,196	$ 4,826,439

a. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
Concrete	$ 3,952,238	$ 3,338,771
Cement	800,911	677,812
Gypsum Board panels	934,356	787,072
Other	22,691	22,784
	$ 5,710,196	$ 4,826,439

b. Contract balances

	December 31		January 1
	2022	2021	2021
Accounts receivables (Including related parties)	$1,661,417	$1,432,859	$1,210,662
Contract assets - current			
Sale of goods	$ 2,198	$ 3,181	$ 6,973
Less: Allowance for impairment loss	439	636	1,395
	1,759	2,545	5,578
Contract assets from related parties			
Sale of goods	5,546	5,546	5,285
Less: Allowance for impairment loss	1,109	1,109	1,057
	4,437	4,437	4,228
	$ 6,196	$ 6,982	$ 9,806
Contract liabilities - current			
Sale of goods	$ 240	$ 1,224	$ 565

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	
	2022	**2021**
Expected credit loss rate	20%	20%
Gross carrying amount of retention receivable	$ 7,744	$ 8,727
Allowance for impairment loss (Lifetime ECLs)	(1,548)	(1,745)
	$ 6,196	$ 6,982

24. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	**2021**
Bank deposits	$ 571	$ 63
Related parties loans	1,178	78
	26	-
	$ 1,775	$ 141

b. Other income

	For the Year Ended December 31	
	2022	**2021**
Dividend income	$ 193,444	$ 142,112
Rental income - investment properties (note 16)	15,419	16,566
Remuneration of directors	7,624	9,027
Others	7,729	10,028
	$ 224,216	$ 177,733

c. Other gains and losses

	For the Year Ended December 31	
	2022	**2021**
Net foreign exchange gains and losses	$ 2,548	($ 488)
Gain (loss) on disposal of property, plant and equipment	3,950	(17)
Disposal of investment property interests	107,131	
Disposal of benefits of intangible assets	-	2,989
Interest in financial assets		
Mandatory financial assets at fair value through profit or loss	669	491
Gain on disposal of associates	373,540	-
Impairment loss	(274,161)	-
Development and design expenditure	(5,143)	(6,286)
Others	(4,554)	(6,233)
	($ 203,980)	($ 9,544)

d. Interest expense

	For the Year Ended December 31	
	2022	2021
Interest on loans	$ 34,678	$ 20,690
Interest on lease liabilities	356	249
	$ 35,034	$ 20,939

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 109,488	$ 95,075
Right-of-use assets	13,536	19,121
Investment properties	567	567
Intangible assets	2,415	2,992
	$ 126,006	$ 117,755
An analysis of depreciation - by function		
Operating costs	$ 95,036	$ 92,869
Operating expenses	27,988	21,327
Others (as non-operating income and expense)	567	567
	$ 123,591	$ 114,763
An analysis of amortization - by function		
Operating costs	$ 378	$ 204
Operating expenses	2,037	2,788
	$ 2,415	$ 2,992

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salaries	$ 417,440	$ 371,346
Labor and health insurance	38,682	35,254
Others	50,570	38,552
	506,692	445,152
Post-employment benefits		
Defined contribution plans	17,086	14,269
Defined benefit plans (Note 20)	(41,031)	3,811
	(23,945)	18,080
	$ 482,747	$ 463,232

	For the Year Ended December 31	
	2022	2021
An analysis of employee benefits expense - by function		

	2022	2021
Operating costs	$ 301,763	$ 293,478
Operating expenses	180,984	169,754
	$ 482,747	$ 463,232

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, 2022 and 2021 have been approved on March 16, 2023 and March 28, 2022 respectively as follows:

Accrual rate

	For the Year Ended December 31	
	2022	**2021**
Employees' compensation	1.37%	1.68%
Remuneration of directors	1.37%	1.68%

Amount

	For the Year Ended December 31	
	2022	**2021**
Employees' compensation	$ 31,290	$ 20,860
Remuneration of directors	$ 31,290	$ 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, 2021 and 2020.

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

25. INCOME TAX

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

	For the Year Ended December 31	
	2022	**2021**
Current tax		
In respect of the current year	$ 155,275	$ 120,704
Income tax on unappropriated earnings	11,814	7,953
Adjustments for prior years	1,105	(4,200)
	168,194	124,457
Deferred tax		
In respect of the current year	5,445	6,673

Adjustments for prior years	-	(18,107)
	5,445	(11,434)
	$ 173,639	$ 113,023

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	$ 2,215,034	$ 1,201,101
Income tax expense calculated at the statutory rate	$ 443,006	$ 240,220
Nondeductible expenses in determining taxable income	(283,263)	(84,628)
Realized investment loss	-	-
Tax-exempt income	(56,883)	(28,704)
Temporary difference	54,210	489
Land value increment tax	3,650	-
Income tax on unappropriated earnings	11,814	7,953
Adjustments for prior years' tax	1,105	(22,307)
	$ 173,639	$ 113,023

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ -	$ 335

c. Current tax liabilities

	For the Year Ended December 31	
	2022	2021
Income tax payable	$ 112,632	$ 107,052

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, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other	Closing Balance

			Comprehensive Income	
Deferred Tax Assets				
Temporary differences				
Payment received in advance	$ 177	$ 202	$ -	$ 379
Unrealized foreign exchange loss	98	(98)	-	-
Unrealized payable promotion expenses	2,076	3,251	-	5,327
Defined benefit obligation	14,351	(8,806)	-	5,545
	$ 16,702	$ (5,451)	$ -	$ 11,251
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,082,113	($ 623)	$ -	$ 1,081,490
Defined benefit obligation	6,884	-	-	6,884
Cash surrender value of life insurance	-	617	-	617
	$ 1,088,907	($ 6)	($ -)	$ 1,088,991

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Payment received in advance	$ 400	($ 223)	$ -	$ 177
Unrealized foreign exchange loss	4	94	-	98
Unrealized payable promotion expenses	4,940	(2,864)	-	2,076
Defined benefit obligation	-	14,351	-	14,351
	$ 5,344	$ 11,358	$ -	$ 16,702
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,082,113	$ -	$ -	$ 1,082,113
Defined benefit obligation	7,219	-	(335)	6,884
Cash surrender value of life insurance	76	(76)	-	-
	$ 1,089,408	($ 76)	($ 335)	$ 1,088,997

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	
	2022	2021
Deductible temporary differences		
Allowance for impaired inventories	$ 34,027	$ 34,027
Impairment losses on assets	555,539	281,199

	$ 589,386	$ 315,226

g. Income tax examinations

The tax returns of the Company through 2020 have been assessed by the tax authorities.

26. 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	
	2022	2021
Profit for the year	$ 2,041,395	$ 1,088,078

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

	For the Year Ended December 31	
	2022	2021
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	1,747	1,197
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 655,356	$ 654,806

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

27. ACQUISITION OF SUBSIDIARIES

The Company originally held an equity interest in Tainan Concrete Industrial Corporation, which was accounted for using the equity method as an associate. However, in March 2022, the Company acquired additional shares in Tainan Concrete for a cash consideration of $22,080 thousand, increasing its ownership interest from 48.75% to 51.95% (which has since increased to 67.45% as of December 31, 2022). With majority voting rights and control obtained, Tainan Concrete is now considered a subsidiary of the Company. For further details, please refer to Note 28 of the Company's console dated financial statements for the year ended 2022.

28. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

During the period from May to July 2022 and from June to August 2021, the Company acquired a portion of the shares of Tainan Concrete and Universal Concrete, and its proportion of ownership interests from 51.95% to 67.45% and from 57.19% to 58.12%, respectively.

The above transactions were accounted for as equity transactions since there was no change in the Corporation’s control over these subsidiaries. Refer to the note 29 of the consolidated financial statements for the year ended December 31, 2022 for the disclosures of equity movements of subsidiaries.

29. CASH FLOWS INFORMATION

Cash used in obtaining property, plant and equipment by the Company during 2022 and 2021 was as below:

	For the Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	$ 83,288	$ 802,090
Payables on equipment	3,576	7,109
Prepaid on equipment	6,74 4	(617,665)
Total cash paid	$ 93,608	$ 191,534

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

The Company believes that the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, 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, 2022

	Level 1	Level 2	Level 3	Total

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	$ 7,535	$ -	$ -	$ 7,535
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Listed shares	$ 1,858,020	$ 301,600	$ -	$ 2,159,620
Unlisted shares	-	-	1,775,212	1,775,212
	$ 1,858,020	$ 301,600	$ 1,775,212	$ 3,934,832

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed shares	$ 6,866	$ -	$ -	$ 6,866
Investments in equity instruments at FVTOCI				
Listed shares	$ 2,081,210	$ 271,050-	$ -	$ 2,352,260
Unlisted shares	-	-	1,438,886	1,438,886
	$ 2,081,210	$ 271,050-	$ 1,438,886	$ 3,791,146

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	
	2022	2021
Balance at January 1	$ 1,438,886	$ 1,419,292
Recognized in other comprehensive income (unrealized valuation gain or loss on financial assets at fair value through other comprehensive income)	336,326	19,594
Balance at December 31	$ 1,775,212	$ 1,438,886

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

Category of financial instrument	Measurement technique and input value
Investment of Equity Instrument	Purchase of stock via private offering which is subject to a three-year-lock-up period. In light of the impact on the target to be measured due to the restriction of transaction, a discount is imposed

	to reflect the restricted liquidity of the stock. The target to be measure is the stock of a public listed company. The Closing price at the day of measurement was adopted as the fair value of an unrestricted stock price. The fair value of the restricted stock price is then derived via the Black-Scholes model.

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

The fair values of unlisted equity securities in ROC was estimated 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	
	2022	**2021**
Financial assets		
Measured at fair value through profit or loss – mandatory measured at fair value through profit or loss	$ 7,535	$ 6,866
Financial assets at amortized cost (1)	2,194,020	1,648,867
Financial assets at FVTOCI		
Equity instruments	3,934,832	3,791,146
Financial liabilities		
Financial liabilities at amortized cost (2)	3,991,188	3,728,810

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	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 36,969	$ 4,774
Financial liabilities	858,018	1,098,809
Cash flow interest rate risk		
Financial assets	241,573	92,773
Financial liabilities	2,210,000	1,780,000

b) Other price risk

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

Sensitivity analysis

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

If equity prices of domestic listed equity securities (excluding private placement), which was hold by the Group calculated by $ 1,858,020 thousand and $ 2,081,210 thousand, had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by $ 18,580 thousand and $ 20,812 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 2022 and 2021, the maximum exposure of the Company for engaging in endorsement/guarantee was NT$230,000 thousand and NT$100,000 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, 2022

	On Demand or Less than 3 Month	**3 Months to 1 Year**	**1 Year to 5 Year**	**6Year to 10ear**
Non-derivative financial liabilities				
	$ 973,565	$ -	$ 8,362	$ -
Non-interest bearing	2,810	8,255	35,088	14,272
Lease liabilities	2,219,702	-	-	-

Variable interest rate liabilities	800,000	-	-	-
Fixed interest rate liabilities	230,000	-	-	-
	$ 4,226,077	$ 8,255	$ 43,450	$ 14,272

December 31, 2021

	On Demand or Less than 3 Month	3 Months to 1 Year	1 Year to 5 Year
Non-derivative financial liabilities			
Non-interest bearing	$ 880,691	$ -	$ 8,827
Lease liabilities	3,884	9,849	26,455
Variable interest rate liabilities	1,781,972	-	-
Fixed interest rate liabilities	1,060,000	-	-
Guaranteed liabilities	100,000	-	-
	$3,826,547	$ 9,849	$ 35,282

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, 2022 and 2021, the Company has loan commitments $ 2,194,609 thousand, and $ 1,779,559 thousand, respectively.

32. 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
Bo-Chih Investment Corp.	The key management of the Company
Yu-Sheng Investment Corp.	The key management of the Company
PAO GOOD INDUSTRIAL CO., LTD.	Other related parties
Pan Asia Corporation	Other related parties
Tainan Concrete Industrial Corp.	Associates(note)
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

Note: Since March 2022, it has been a subsidiary of the Company.

b. Sales of goods

Account Items	Related Parties Category	For the Year Ended December 31 2022	2021
Sales revenue	The key management of the Company serves as a member its board of directors	$ 85,523	$ 62,364
	Other related parties	65,968	52,864
	Subsidiaries	22,692	22,784
		$ 174,183	$ 138,012

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 2022	2021
The Company is the key management of the company	$ 238,692	$ 217,957
Other related parties	11,950	9,634
	$ 250,642	$ 227,591

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 2022	2021
The key management of the Company serves as a member its board of directors		
Pan Asia Corp.	$ 5,546	$ 5,546
Less: Allowance for impairment loss	1,109	1,109
	$ 4,437	$ 4,437

e. Receivables from related parties (Excluding contract assets)

Account Items	Related Parties Category / Name	December 31 2022	2021

Accounts receivable from related parties	Related parties	$ 31,534	$ 26,432
	The key management of the Company serves as a member its board of directors	10,183	5,309
	Subsidiaries	3,293	5,013
	Less: Allowance for impairment loss	33	12
		$ 44,977	$ 36,742
Other receivables	Subsidiaries	$ 270	$
	Associates- Tainan Concrete Industrial Corp.(note)	580	
		$ 850	$

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

Account Items	Related Parties Category	December 31 2022	December 31 2021
Notes payable - related parties	The key management of the Company serves as a member of its board of directors	$ 31,285	$ 26,611
	Subsidiaries	13,381	13,918
	other related persons	2,622	2,700
		$ 47,288	$ 43,229
Accounts payable -related parties	Subsidiaries	$ 17,828	$ 19,203

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

g. Lease arrangements - Company is lessee

The lease of the concrete plant leased by the Company from Associates expires in August 2022 and is renewed until August 2026. The concrete plant is for business use.

Line Item	Related Party Category	December 31 2022	December 31 2021

Lease liabilities	Associates- Tainan Concrete Industrial Corp.	$ -	$ 25,785
	Subsidiaries	265	717
		$ 265	$ 26,502

Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Interest expense	Associates- Tainan Concrete Industrial Corp.	$ 126	$ 88
	Subsidiaries	4	8
		$ 130	$ 96

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	
	2022	2021
The Company holding the position as chief management of another company	$ 3,207	$ 3,207
Another company holding the position as chief management of the Company	92	23
Subsidiary corporation	468	144
	$ 3,767	$ 3,374

Total lease revenue is summarized as follows:

Related Party Category / Name	For the Year Ended December 31	
	2022	2021
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	69	23
Subsidiary corporation	396	396
	$ 5,963	$ 5,917

i. Loan to related parties

Line Item	December 31	
	2022	2021

	2022	2021
Other receivables		
Universal Concrete Industrial Corp	$ -	$ 20,000
Universal Investment Corp	$ -	$ 85,000
Tainan Concrete Industrial Corp.	$ 220,500	$ -

Line Item	**For the Year Ended December 31**	
	2022	**2021**
Interest income		
Uneo Inc.	$ 83	$ 78
Universal Concrete Industrial Corp	$ 515	$ -
Tainan Concrete Industrial Corp.	$ 580	$ -

The Company provided an insecure short-term loan to its subsidiary; interests accrued at 1.3%~2% and 1% based on the actual utilization amount during 2022 and 2021, and the settlement shall be made in a lump-sum upon expiry.

The loan to the subsidiary Universal Concrete is secured by collateral land, and to the subsidiary Uneo Inc. is an unsecured loan.

j. Endorsement/guarantee

Endorsement/guarantee to others

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

Category/name of associates	**December 31**	
Subsidiary	**2022**	**2021**
Universal Concrete Industrial Corp	$ 120,000	$ 120,000
Universal Investment Corp	400,000	400,000
Uneo Incorporated	50,000	50,000
	$ 570,000	$ 570,000

Endorsement/guarantee acquired

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

Category/name of associates	**December 31**	
Subsidiary	**2022**	**2021**
Kaohsiung Wharf Transportation	$ 319,928	$ 319,928
Universal Investment	443,909	279,816
Universal Investment	157,561	-
Universal Investment Corp	$ 921,398	$ 599,744

k. Other transactions with related parties

1) Freight expense

Line item	Category/name of associates	For the Year Ended December 31 2022	2021
Cost of sales -freight expenses	Subsidiary		
	Kaohsiung Wharf Transportation	$ 243,739	$ 217,512
Cost of marketing - freight expenses	Subsidiaries	$ 14,088	$ 14,360

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	
	2022	2021
Subsidiary	$ 15,627	$ 15,042

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	
	2022	2021
Short-term employee benefits	$ 37,853	$ 33,975
Post-employment benefits	482	316
	$ 38,335	$ 34,291

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2022	2021

Pledge deposits		
Current	$ 67	$ 67

34. 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, 2022 and 2021 were as follows:

a. Unrecognized commitments are as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 93,003	$ 82,593

b. As of December 31, 2022 and 2021, the promissory notes were $ 139,493 thousand and $ 104,183 thousand, respectively. These notes were provided as engineering performance bond, which could be refunded when the guarantee is terminated.

c. As of December 31, 2022 and 2021, unused letters of credit for purchase of raw materials amounting to $5,391 thousand and $ 26,756 thousand.

d. The Company entered into a contract with Chi-ying Inc. on the manufacturing and installation equipment and request a plan of change in accordance with the contract. Chi-ying Inc. contended that it has complete the manufacturing of the product and demand the payment of NTD 5.967Million, VAT included, and subsequently reduce to NTD 5.12 Million. Chi-Ying has brought a suit against the Company under the review of Chiao-Tou District Court. It is the assessment of the Company that the result of the legal proceeding is yet to be estimated, therefore no contingent liability is appropriated.

e. The Company has outsourced its transportation of ready-mixed concrete to Lian-Chin Enterprise Inc. in 2021. The driver was sued for wrongful death due to malpractice. The family of the victim brought a claim against the driver and held the Company jointly liable for the loss of 5.681 million. The case is now under trial at Feng-Shan Summary Court of Kaohsiung District Court. It is the assessment of the Company that the possible outcome of the legal proceeding is yet to be estimated, therefore no contingent liability is appropriated.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company 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, 2022

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			

Monetary items			
USD	$ 1,095	30.71	$ 33,639
RMB	903	4.41	3,979
EUR	153	32.72	5,006

December 31, 2021

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			
Monetary items			
USD	$ 285	27.68	$ 7,871
RMB	902	4.344	3,918
EUR	136	31.32	4,244

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

	For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
Functional Currencies	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
USD	30.71(USD:NTD)	2,038	27.68（USD：NTD）	($ 39)
RMB	4.41(RMB:NTD)	58	4.344（RMB：NTD）	(53)
JPY	0.23(JPY:NTD)	(20	0.2405（JPY：NTD）	(181)
HKD	3.94（HKD：NTD）	87	3.549（HKD：NTD）	(4)
EUR	32.72（EUR：NTD）	42	31.32（EUR：NTD）	(211)
SGD	22.88（SGD:NTD）	343		-
		($ 2,548)		($ 488)

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)

b. Related information on investees. (Table 6)

c. Information on investments in mainland China

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

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

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

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

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

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

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

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

d. Information on major shareholders: name, number and percentage of shareholding of shareholders with ownership achieving 5% and above. (Table 7)

TABLE 1

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature for Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limits for Each Borrower （Note 2）	Aggregate Financing Limits (Note 3)
													Item	Value		
0	The Company	Universal Investment Corporation	Other receivables	Yes	$ 1,550,000	$ 800,000	$ -	2	For short-term financing	$ -	Operating capital	$ -	None	$ -	$ 8,367,162	$ 8,367,162
0	The Company	Uneo Incorporated	Other receivables	Yes	150,000	100,000		2	For short-term financing	-	Operating capital	-	None	-	8,367,162	8,367,162
0	The Company	Universal Concrete Industrial Corporation	Other receivables	Yes	600,000	300,000		2	For short-term financing	-	Operating capital	-	Land	300,000	8,367,162	8,367,162
0	The Company	Tainan Concrete Industrial Corp.	Other receivables	Yes	300,000	300,000	220,500	2	For short-term financing	-	Operating capital	-	None	-	8,367,162	8,367,162

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

Note 2: The upper limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements.

Note 3: The aggregate limit for each borrower is 40% of the Company’s net asset value as stated in the latest financial statements.

TABLE 2

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser / Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed / Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period (Note 6)	Actual Borrowing Amount	Amount Endorsed / Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4 , Note 5, Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Universal Concrete Industrial Corporation	(1)	$ 132,329	$ 120,000	$ 120,000	$ -	$ -	1	$ 20,917,904	Y	N	N
		Universal Investment Corporation	(1)	750,000	400,000	400,000	230,000	-	2	20,917,904	Y	N	N
		Uneo Incorporated	(1)	60,000	50,000	50,000	-	-	-	20,917,904	Y	N	N
1	Kaohsiung Harbor Transport Company	Universal Concrete Industrial Corporation	(3)	487,450	162,241	162,241	-	-	166	989,961	N	N	N
		The Company	(2)	487,450	319,928	319,928	-	-	328	989,961	N	Y	N
2	Universal Investment Corporation	Universal Concrete Industrial Corporation	(3)	3,841,535	122,521	122,521	-	-	16	7,050,481	N	N	N
		The Company	(2)	3,841,535	551,693	443,909	-	-	58	7,050,481	N	Y	N
	Universal Concrete Industrial Corporation	The Company	(2)	235,618	157,561	157,561	-	-	67	561,990	N	Y	N

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

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

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

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

Note 5: The upper limit for the subsidiary is equivalent to the net asset value of the subsidiary as stated in its latest financial statements, unless the Company or other subsidiaries give more guarantee.

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

Note 7: The upper limit for the subsidiary is equivalent to ten times of the net asset value of the subsidiary as stated in its latest financial statements.

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				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	40,621,948	$ 426.530	2.50	$ 426,530	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	28,441,983	628,567	0.15	628,567	
	Asia Pacific Telecom Corp.	-	Financial assets at FVTOCI - current	3,277,157	19,991	0.08	19,991	
	CHC Resources Co., Ltd.	The Company serves as a member of its board of directors	Financial assets at FVTOCI - current	17,020,254	782,932	6.85	782,932	
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	273,000	7,535	0.18	7,535	
	Privately offered shares							
	Creative Sensor Inc.	-	Financial assets at FVTPL - current	13,000,000	301,600	8.72	301,600	
	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	520,954	8.14	520,954	
	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	1,122,858	16.44	1,122,858	
	Universal Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non - current	1,400,000	12,935	1.16	12,935	
	CTBC Investments Corp.	-	Financial assets at FVTOCI - non - current	3,303,325	105,885	1.05	105,885	
	Kaohsiung Rapid Transit Corp.	-	Financial assets at FVTOCI - non - current	1,286,063	12,580	0.46	12,580	
	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 - current	24,000	427	-	427	
	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	38,316,900	402,328	2.36	402,328	
	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	
	Teco Electric & Machinery Co., Ltd.	-	Financial assets at FVTPL - current	2,300,000	63,365	0.11	63,365	
	Teco Image Systems Co., Ltd.	-	Financial assets at FVTPL - current	602,000	10,084	0.53	10,084	
	Privately offered shares							
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	9,000,000	208,800	6.04	208,800	
	Unlisted shares							
	Pan Asia (Engineers & Constructors) Corporation.	Subsidiary serves as supervisor	Financial assets at FVTOCI - non-current	3,102,803	41,733	2.71	41,733	
	Chinese Products Promotion Center	-	Financial assets at FVTOCI - non-current	7,540	632	1.98	632	

TABLE 3

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

TABLE 4

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value Or Net Equity	
	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	33,055	8.06	33,055	
	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	4,000,000	39,972	3.64	39,972	
	Limited partnership							
	Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	-	43,733	3.23	43,733	
Tainan Concrete Industrial Corporation	Listed shares							
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	60,000	1,327	-	1,327	
	preferred stock C of CTBC Financial Holding Co., Ltd.	-〃	〃	2,987	177	-	177	

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Universal Concrete Industrial Corporation.	Land: 8 parcels of land with the following lot numbers in Shalun section, Pitou Township, Changhua County: 988, and others. Building: Factory and equipment located at No. 553, Section 4, Changshui Road, Pitou Township, Changhua County.	2022.09.22	1980.08.31	$ 42,449	$ 343,500	the payment terms of the contract	$ 296,071	Jin Shan Co.,Ltd	Non-related party	Note 1	Note 2	—

Note 1: The sale of this investment property is part of the active management of funds.

Note 2: Professional appraiser: CBRE Real Estate Appraisal Co., Ltd. Appraised value: $ 277,140 thousand.

Note 3: "Transaction date" refers to the earlier of the signing date, payment date, commission date, transfer date, board resolution date, or any other date sufficient to determine the transaction counterparty and transaction amount.

TABLE 5

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEARS ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Kaohsiung Harbor Transport Company	Subsidiary	Purchase (Freight)	$ 257,827	8	45 ~ 60 days after acceptance	Note	Equivalent	($13,013)	(2)	
	CHC Resources Corp.	The key management of the Group serves as a member of its board of directors	Purchase	238,692	6	30 ~ 65 days after acceptance	Equivalent	Equivalent	(31,285)	(5)	

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

TABLE 6

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	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	$ 115,686	$ 18,539	$ 12,977	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	22,643	22,643	2,252,378	86.63	40,488	(151)	(131)	
	Kaohsiung Harbor Transport Company	Kaohsiung city	Trucking operation	74,580	74,580	7,560,000	100.00	98,997	2,935	2,935	
	Universal Investment Corporation	Taipei city	Investment activities	650,000	650,000	75,000,000	100.00	705,049	15,323	15,323	
	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	33,774	33,774	7,691,411	58.12	330,170	332,238	195,987	
	Uneo Incorporated	Taipei city	Marketing of electronic Products	291,671	291,671	6,000,000	100.00	34,327	(9,009)	(9,009)	
	Li Yong Development Corporation	Taipei city	Investment activities, trading for real estate and leasing business	20,000	20,000	2,000,000	100.00	19,467	(99)	(99)	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	174,997	174,997	89,581,468	29.86	10,618,473	2,765,092	822,969	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete and cement material	238,144	68,454	2,023,624	67.45	678,325	2,015	1,156	
Universal Investment Corporation	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	858	858	115,494	0.87	858	-	-	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	5	5	361	0.01	5	-	-	
	Huanchung Cement International Corporation	Taichung city	Import, export, and sale of cement, cement material, fuel, and production	13	13	667	0.01	13	-	-	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete and cement material	178	178	10,000	0.33	178	-	-	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	93	93	1,680	-	93	-	-	

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2022

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.

6.6 The company and its subsidiaries Disclosure to make if the company and its affiliates have experienced financial difficulties, during the most recent fiscal year and during the current fiscal year up to the publication date of the annual report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT$ thousands

Year / Item	2022	2021	Difference	
			Amount	%
Current Assets	5,648,586	5,004,661	643,925	13
Property, plant and equipment	7,911,538	6,890,696	1,020,842	15
Intangible assets	11,992	8,404	3,588	43
Other Assets	14,239,779	13,193,061	1,046,718	8
Total Assets	27,811,895	25,096,822	2,715,073	11
Current Liabilities	4,751,310	4,245,043	506,267	12
Long-term Liabilities	1,534,107	1,467,303	66,804	5
Total Liabilities	6,285,417	5,712,346	573,071	10
Paid-in capital	6,536,092	6,536,092	0	0
Capital surplus	123,499	66,950	56,549	84
Retained Earnings	13,273,714	11,884,891	1,388,823	12
Other equity	984,599	745,532	239,067	32
Equity attributed to owners of the parent company	20,917,904	19,233,465	1,684,439	9
Non-control equity	608,574	151,011	457,563	303
Total Stockholders' Equity	21,526,478	19,384,476	2,142,002	11

Analysis of changes in financial ratios:

(1) Intangible assets: Mainly due to computer software increased.
(2) Capital surplus: Mainly due to changes in ownership interests in subsidiaries.
(3) Other equity: Mainly due to exchange differences on translation of foreign financial statements increased.
(4) Non-controlling Interests: Mainly due to the acquisition of non-controlling interests in subsidiaries.

7.2 Analysis of Financial Performance

Unit: NT$ thousands

Year / Item	2022	2021	Difference	%
Operating Revenue	7,055,789	6,079,107	976,682	16
Cost of Sales	5,689,489	4,947,290	742,199	15
Gross Profit	1,366,300	1,131,817	234,483	21
Operating Expenses	525,210	421,615	103,595	25
Profit from operations	841,090	710,202	130,888	18
Non-operating Income and expenses	1,542,239	530,060	1,012,179	191
Income Before Tax	2,383,329	1,240,262	1,143,067	92
Income tax expenses	199,837	126,036	73,801	59
Net profit	2,183,492	1,114,226	1,069,266	96
Other comprehensive income	240,709	206,946	33,763	16
Total comprehensive income for the year	2,424,201	1,321,172	1,103,029	83
Net profit attributable to owners of the company	2,041,395	1,088,078	953,317	88
Net profit attributable to non-controlling interests	142,097	26,148	115,949	443
Total comprehensive income attributable to owners of the company	2,281,539	1,295,080	986,459	76
Total comprehensive income attributable to non-controlling interests	142,662	26,092	116,570	447
Earnings per share	3.12	1.66	1.46	88

Analysis of Financial Performance：

(1) Gross Profit and: Mainly due to the increase in operating revenue.
(2) Operating Expenses: Mainly due to the increase in general and administrative expenses and selling and marketing expenses.
(3) Non-operating Income and expenses, Income Before Tax, Net profit and Total comprehensive income: Mainly due to the increase in other gains and the recognition of share of profit or loss of associates.
(4) Income tax expenses: Mainly due to the increase in profit before income tax.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
$ 292,032	1,013,067	520,635	784,464	-	-

Analysis of change in cash flow during the most recent fiscal year:
1. Operating activities：Mainly because of the profit from business operations.
2. Investing activities：Mainly because of purchasing and disposal of 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	2022.12.31	2021.12.31	Variance (%)
Cash Flow Ratio (%)	21.32	32.56	(11.24)
Cash Flow Adequacy Ratio (%)	94.90	93.99	0.91
Cash Reinvestment Ratio (%)	0.12	3.01	(2.89)

Decrease in cash flow ratio and cash reinvestment ratio: Mainly because of the decrease 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 (Deficit)	
				Investment Plans	Financing Plans
$ 784,464	917,326	1,120,094	581,696	-	-

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

The Xiaogang RMC Plant and Madou RMC Plant renewals, which has little impact on finances.

7.5 Investment Policy, Main Causes for Profits or Losses, Improvement Plans during the most recent fiscal year 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.	10,618,566	Expansion of investment in industry other than the company	The share of profits of the associate was 822,969 thousand, and the cash dividends was 179,162 thousand in 2022.	-
Grand Bills Finance Co., Ltd.	520,954	Expansion of investment in industry other than the company	The cash dividends was 43,999 thousand in 2022.	-
Universal Cement Development Co., Ltd.	1,122,858	Expansion of investment in industry other than the company	The cash dividends was 17,405 thousand in 2022.	-
Creative Sensor Inc.	517,935	Expansion of investment in industry other than the company	The gain of mandatory financial assets at fair value through profit or loss was 669 thousand, the unrealized gain of the financial assets at fair value through other comprehensive income was 51,700 thousand, and the cash dividends was 28,699 thousand in 2022.	-
CTBC Financial Holding Co., Ltd.	630,071	Expansion of investment in industry other than the company	The unrealized loss of the financial assets at fair value through other comprehensive income was 113,113 thousand, and the cash dividends was 35,633 thousand in 2022.	-
CHC Resources Co., Ltd.	782,932	Expansion of investment in industry other than the company	The unrealized gain of the financial assets at fair value through other comprehensive income was 11,063 thousand, and the cash dividends was 42,551 thousand in 2022.	-
Prince Housing & Development Corp.	828,858	Expansion of investment in industry other than the company	The unrealized loss of the financial assets at fair value through other comprehensive income was 183,523 thousand, and the cash dividends was 38,359 thousand in 2022.	-

Note 1: As of December 31,2022, the investment amount exceeded 5% of the paid-in capital.

Investment Plans for the Coming Year: None.

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 2,600 Million; whereas the balance by the end of the year is NTD 1,500 Million and the actual credit utilized is NTD 220 Million.

The company has endorsed to other companies pursuant to “Regulations Governing Making of Endorsements/Guarantees” of the company in year of 2022. The highest credit the company endorsed/guaranteed is NTD 570 Million; whereas the actual credit utilized amounted to NTD 230 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 develope 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 (including Cybersecurity risk) as well as industrial change, and measures to be taken in response.

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

Response measures—strengthen corporate information security awareness and related management actions.

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

The company has always maintained a positive corporate image.

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

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

No transaction of merger was participated by the company in 2022.

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 Luzhu Gypsum board plant, Kao-Hsiung.
2. Anticipated benefit. The production capacity of Haihu 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 Luzhu Gypsum 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.

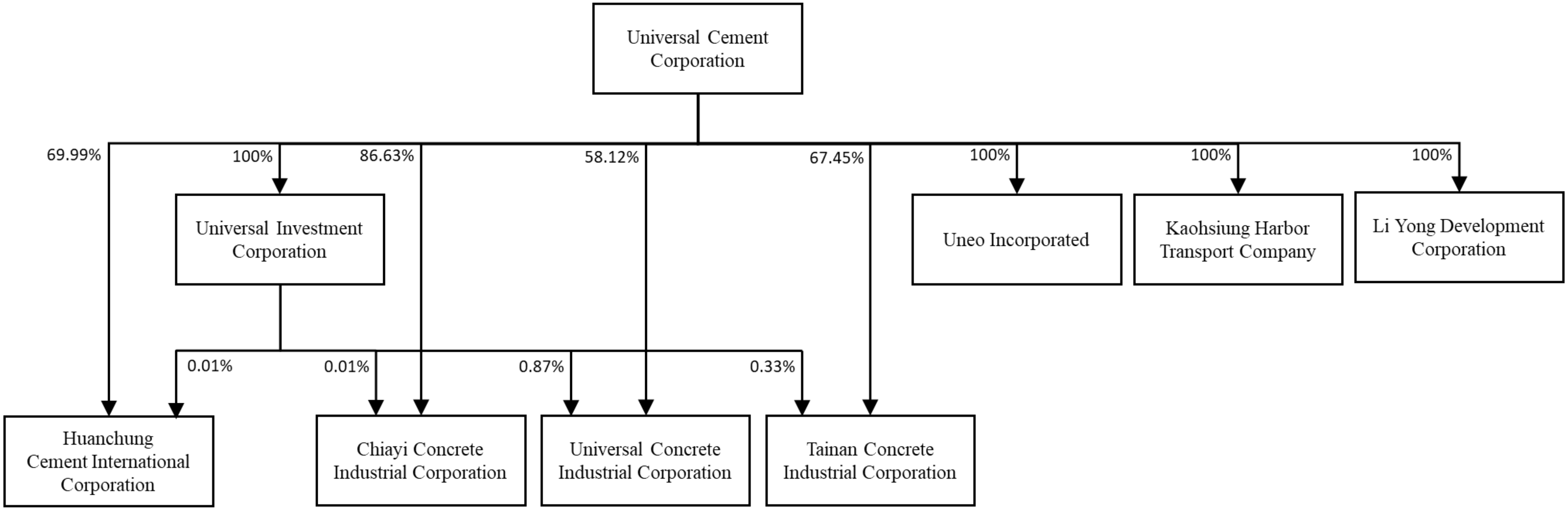
7.7 Other Important Matters: None.

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. (2022.12.31)



2. Profile of Affiliated Enterprises

Dec. 31, 2022
Unit: '000 NTD

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main item of Operation or Manufacturing.
Chiayi Concrete Industrial Corporation	1982.09.14	2 Zhong-xing Rd., Jia-tai Industrial Zone, Tai-bao City, Chia-Yi County	26,000	Manufacturing and marketing of ready-mixed concrete
Universal Investment Corporation	1989.11.20	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	750,000	Investment activities
Huanchung Cement International Corporation	1991.01.28	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	100,000	Import, export, and sale of cement, cement material, fuel, and production
Kaohsiung Harbor Transport Company	1967.03.31	No. 328, Gangshan 1st St., Alian Dist., Kaohsiung City	75,600	Trucking operation
Uneo Incorporated	2013.01.11	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	60,000	Marketing of electronic Products
Universal Concrete Industrial Corporation	1975.11.28	665 Zhong-shan Rd., Sec. 1, Wu-ri Dist., Tai-chung City	132,328	
Li Yong Development Corporation	2020.12.17	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	20,000	Investment activities, trading for real estate and leasing business
Tainan Concrete Industrial Corporation	1976.12.04	59 Zhong-Hua W. Rd., Sec. 1, Tainan City	30,000	Manufacturing and marketing of ready-mixed concrete and cement material

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

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

2022.12.31

Name of Enterprises	Position (Note1)	Name and Representative	Share held: Number of Share	Share held: Ratio of Holding
Chiayi Concrete Industrial Corporation	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：Lu, Jin-Yuan	361	0.01%
Universal Investment Corporation	Chairman	Universal Cement Corporation, Represented by：Hou, Bo-Yi	75,000,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	75,000,000	100.00%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	75,000,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by：Yang, Tsung-Jen	75,000,000	100.00%
	General Manager	Hou, Bo-Yi		—
Huanchung Cement International Corporation	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: Hidekatsu Maekawa	3,000,000	30.00%
	Supervisor	UCC Investment Inc., Represented by：Hou, Chih-Sheng	667	0.01%
	General Manager	Hou, Chih-Yuan	—	—
Kaohsiung Harbor Transport Company	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：Chen, Heng-Chuan	7,560,000	100.00%
	General Manager	Wang, Jau-Ching	—	—
Universal Concrete Industrial Corporation	Chairman	Universal Cement Corporation, Represented by：Chou, Shih-Kuei	7,691,411	58.12%
	Director	Universal Cement Corporation, Represented by：Hou, Bo-Yi	7,691,411	58.12%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	7,691,411	58.12%
	Director	Universal Cement Corporation, Represented by：Yang, Tsung-Jen	7,691,411	58.12%
	Director	Universal Cement Corporation, Represented by：Chang, Pei-Te	7,691,411	58.12%
	Director	Su, Chun-Chen	145,398	1.10%
	Director	Wu, Wei-Hsiung	119,862	0.91%
	Executive Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	7,691,411	58.12%
	Executive Director	Wu, Rui-Sheng	496,231	3.75%
	Supervisor	UCC Investment Inc., Represented by：Kao, Tsung-yao	115,494	0.87%
	Supervisor	Chang, Yu-Zong	27,510	0.21%
	Supervisor	Chan, Shu-hua	165,421	1.25%
	General Manager	Chang, Kuei-Yuan	—	—
Uneo Incorporated	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, Chun-ting.	6,000,000	100.00%
Li Yong Development Corporation	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-Te	2,000,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by：Yang, Rong-Fen	2,000,000	100.00%
Tainan Concrete Industrial Corporation	Chairman	Universal Cement Corporation, Represented by：Chou, Shih-Kuei	2,022,400	67.41%
	Director	Chen, Jung-hui	30,000	1.00%
	Director	N/A	N/A	N/A
	Director	Chang, Jui-Jun	82,200	2.74%
	Director	Universal Cement Corporation, Represented by：Lu, Jin-Yuan	2,022,400	67.41%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Yuan	2,022,400	67.41%
	Director	Universal Cement Corporation, Represented by：Hou, Bo-Yi	2,022,400	67.41%
	Director	Universal Cement Corporation, Represented by：Hou, Chih-Sheng	2,022,400	67.41%
	Director	Universal Cement Corporation, Represented by：Yang, Tsung-Jen	2,022,400	67.41%
	Director	Universal Cement Corporation, Represented by：Kao, Tsung-yao	2,022,400	67.41%
	Director	Universal Cement Corporation, Represented by：Lin, Jia-Hsien	2,022,400	67.41%
	Supervisor	UCC Investment Inc., Represented by：Chang, Pei-Te	10,000	0.33%
	Supervisor	UCC Investment Inc., Represented by：Wang, Chiao-Yuan	10,000	0.33%
	Supervisor		N/A	N/A

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

5. Operating Condition and Financial Results of Affiliated Companies

2022.12.31

(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
Chiayi Concrete Industrial Corporation	26,000	57,890	11,160	46,730	0	(1,812)	(151)	(0.06)
Universal Investment Corporation	750,000	985,507	280,459	705,048	0	(3,272)	15,323	0.20
Huanchung Cement International Corporation	100,000	460,426	295,161	165,265	805,703	24,097	18,539	1.85
Kaohsiung Harbor Transport Company	75,600	140,888	41,892	98,996	261,809	2,622	2,935	0.39
Uneo Incorporated	60,000	48,711	14,384	34,327	40,903	(10,612)	(9,009)	(1.50)
Universal Concrete Industrial Corporation	132,329	874,623	312,918	561,705	655,754	48,971	332,238	25.11
Li Yong Development Corporation	20,000	19,507	40	19,467	0	(120)	(99)	(0.05)
Tainan Concrete Industrial Corporation	30,000	273,131	221,778	51,353	7,205	3,022	2,015	0.67

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, 2022 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 16, 2023

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.