

Stock Code: 1104

## Universal Cement Corp.

### 2021 Annual Report

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Universal Cement Corp. Annual Report is available at: <http://www.ucctw.com>  
Published on April 30, 2022

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### **Nantz Ready-mixed Concrete Plant**

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

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TEL : (06)233-6052  
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### **Tainan Ready-mixed Concrete Plant**

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### **Fengshan Ready-mixed Concrete Plant**

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FAX : (07)703-9114

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# I. Letter to Shareholders

Greetings to all of our valued shareholders,

In 2021, we can see the global economy recovery had been growing slowly in spite of COVID-19, whereas Taiwan was much less affected as a result of the success of pandemic-prevention policies. Meanwhile, the government kept promoting Forward-looking Infrastructure Development Program and the varying international situation brought corporates to invest in Taiwan, increasing the demand for new factory facilities and office building and contribute steady growth of sales of building material business of the company. The following is the company's business performance in 2021.

1. In 2021, the sales of cement were 530 thousand tons, representing a YOY decline of 3%, the sales of ready-mixed concrete (RMC) were 1.82 million cubic meters, representing a YOY growth of 5% and the sales of gypsum boards were 14.83 million square meters, representing a YOY growth of 7%. Total consolidated revenue for 2021 was NT\$ 6.08 billion, showing a growth of 12% compared with last year; Net profit after tax of the year was NT\$ 1.11 billion representing a YOY decline of 12% due to the decline in investment earnings; Earnings per share had reached NT\$ 1.66.
2. The company not only endeavored to enhance the functional performance of gypsum board such as moisture resistance, fire resistance, sound insulation, convenience in construction and recycling, but also developed gypsum board system for rooftop and cladding system. Furthermore, the company combined our diverse gypsum board products with the exterior wall panel system of the brand "NICHIIHA" from Japan to extend the application from the interior to the outside of buildings, offering a new option for customers.
3. Ready-mixed concrete 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. also collaborated with world-renowned corporates in standardizing, systemizing, and modularizing the product development based on the advanced technology and the past experiences of customization to shorten the product development cycle and raise the profit.

Looking into 2022, the company will continue to aim for the participation in public construction, factories, commercial buildings, and housing projects. To expand production capacity, our Kaohsiung Luzhu gypsum board plant and Ta-Fu Ready-mixed concrete mill's second concrete mixer are estimated to be put into operation in the third quarter of 2022. With nine Ready-mixed concrete mills and two gypsum board plants, the company expects to achieve the cement sales volume target of 520 thousand tons, RMC sales volume target of 1.8 million cubic meters, and gypsum board sales volume target of 16.3 million square meters.

As a pioneer in film type pressure sensor industry, Uneo Inc. has been the designated

smart manufacturing sensor system supplier for various world-renowned companies since Industry 4.0 has been a clear trend. Moreover, our module products for smart health and smart inventory control are also highly regarded that the company have won contracts with key customers for new product development targeting the North American market. With the steadily-growing market demand for consumer electronics, we are anticipating a significant growth in sales performance of the sensor component business for 2022.

In conclusion, we are sincerely grateful for the support from all of our shareholders. The company 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 1<sup>st</sup>, 1960

2.2 History of the company :

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



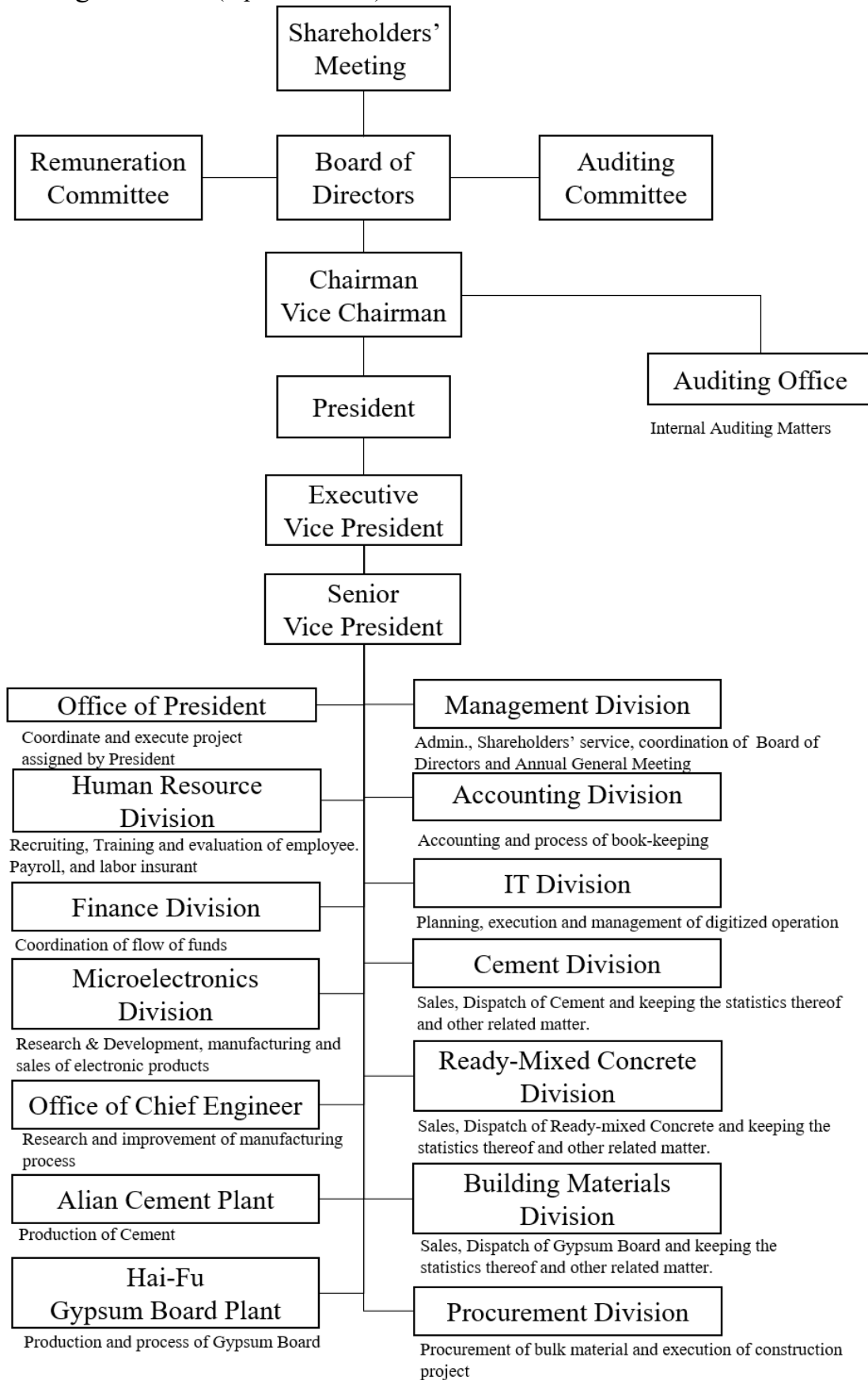
- Apr., 1996 Hai-Fu gypsum plant was awarded the certificate of ISO 9002 by BSMI of MOEA.
- June, 1996 Investment of cement plant in Vietnam was approved and awarded license by Ministry of Planning and Investment of President Office of Vietnam.
- Aug., 1996 Huan-ni Investment, subsidiary of UCC, invested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

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

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

# III Report on Corporate Governance

## 3.1 Organization (Apr. 16, 2022)



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

#### 3.2.1 Directors

Apr. 16, 2022

Title	Nationality	Name	Gender / Age	Date of appointment	Tenure	First Appointment	Share held upon		As of date of report,						Professional experience and Education	Other position held in the Company or Other Company	Executives, Directors or Management who are spouses or within two degrees of kinship			Remark
							Share held		Share held by spouse and underage children		Share held under name of third-party		Title	Name			Relation			
							No. of Share	Ratio	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	2011.6.22	27,893,282	4.26%	27,893,282	4.26%	-	-	-	-		N/A	N/A	N/A		
		Represented by: HOU, Bo-Yi	Male/ 71~80	-	-	-	-	50,888,251	7.78%	22,393,735	3.42%	-	-	-	-	Dept. of Transportation Management, NCKU	<ul style="list-style-type: none"> <li>Director, Tainan Spining</li> <li>Director, Lio-ho Machine</li> <li>Director, Prince Housing &amp; Development</li> <li>Chairman, Hsin Fu Hsing Industrial Co., Ltd.</li> <li>Chairman, Hou Yong-Du Social Welfare and Charity Foundation</li> </ul>	Director	HOU, Chih-Sheng	Son
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%	-	-	-	-		N/A	N/A	N/A		
		Represented by: HOU, Chih-Sheng	Male 31~40	-	-	-	-	116,890	0.01%	-	-	-	-	-	Ph.D, Electrical Engineering, Massachusetts Institute of Technology MS/BS, Electrical Engineering, Biomedical Informatics, Stanford University	<ul style="list-style-type: none"> <li>Director, Tainan Spin</li> <li>Director, UCC Investment</li> <li>Supervisor, Huan-Chung Cement International Co.</li> <li>Supervisor, Lio-ho Machine</li> </ul>	Chairman	HOU, Bo-Yi	Son	President of the Company
Director	Republic of China	Yu-Sheng Investment Co., Ltd.		2020.06.15	3 years	2017.6.14	62,652,464	9.87%	64,532,037	9.87%	-	-	-	-		N/A	N/A	N/A		
		Represented by: HOU, Chih-Yuan	Male 31~40	-	-	-	-	35,066	0.005%	-	-	-	-	-	BA, Political Science, Columbia University AM, East Asia Studies, Harvard University	<ul style="list-style-type: none"> <li>Director, Tainan Spining</li> <li>Director, UCC Investment</li> <li>Director, Huan-Chung Cement International Co.</li> <li>Director, Lio-ho Machine</li> <li>Director, Grand Bills Finance Corp.</li> <li>Director, Nantex Industry Co., Ltd.</li> </ul>	Chairman	HOU, Bo-Yi	Son	
Director	Republic of China	Hsin-Han Investment Co., Ltd.		2020.06.15	3 years	2017.6.14	35,450	0.005%	220,450	0.03%	-	-	-	-		N/A	N/A	N/A		
		Represented by: CHEN, Jing-Hsing	Male 61~70	-	-	-	-	1,120,926	0.17%	-	-	-	629,850	0.08%	MBA, University of Michigan.	<ul style="list-style-type: none"> <li>Manager, IT department, President Corporation.</li> </ul>	N/A	N/A	N/A	
Independent Director	Republic of China	CHAN, Yi-Jen	Male 61~70	2020.06.15	3 years	2017.6.14	-	-	-	-	-	-	-	-	PhD/EECS, The University of Michigan, Ann Arbor, USA	<ul style="list-style-type: none"> <li>Chief Technology Officer, Cyntec Co., Hsinchu, Taiwan</li> </ul>	N/A	N/A	N/A	
Independent Director	Republic of China	HO, Yi-Da	Male 41~50	2020.06.15	3 years	2020.06.15	-	-	-	-	-	-	-	-	MBA, Sloan School of Management, Massachusetts Institute of Technology	<ul style="list-style-type: none"> <li>Chairman, YFY Inc.</li> </ul>	N/A	N/A	N/A	
Independent Director	Republic of China	WANG, Yong-Chun	Male 51~60	2020.06.15	3 years	2020.06.15	-	-	-	-	-	-	-	-	Bachelor, Dept. of Law, China Culture University	<ul style="list-style-type: none"> <li>Managing Attorney, Ning-yuan Law Firm</li> </ul>	N/A	N/A	N/A	

## Major Shareholders of Institutional Shareholders

Apr. 16, 2022

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

## Profile of Directors

Apr. 16, 2022

Name	Qualification	Professional qualification and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Independent Directors
<u>Chairman</u>				
	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 time in the history. 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 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
<u>Director</u>				
	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 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 researches. 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 degree in East Asia Study from Harvard University, a bachelor degree in Political Science from Columbia University. Mr. Hou is currently the Executive VP of the Company and Vice Chairman and of Harvard Club of the Republic of China, and also sits on the board of Tainan Spin Ltd., Nantex Industry Co. Ltd., 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, South East 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,	Mr. CHEN, Jing-Hsing holds an MBA degree from Michigan University and another master's degree in Cerebral 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
<u>Independent Director</u>				

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 assist 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 is 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 hold 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.		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 has 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. 16, 2022

Position	Nationality	Name	Gender	Date of Appointment	Share Held		Share held by spouse and underage children as of date of report		Share held under name of third-party		Professional experience and Education	Other position held in the Company or Other Company	Manager who is a spouse or relative within second degree of kinship			Remark	
					Share	Ratio	Share	Ratio	Share	Ratio			Position	Name	Relation		
President	R.O.C.	HOU, Chih-Sheng	Male	2020.07.01	116,890	0.02%	-	-	-	-	Ph.D, Electrical Engineering, Massachusetts Institute of Technology MS/BS, Electrical Engineering, Biomedical Informatics, Stanford University	<ul style="list-style-type: none"> <li>Director, Tainan Spin</li> <li>Director, UCC Investment</li> <li>Supervisor, Huan-Chung Cement International Co.</li> <li>Supervisor, Lio-ho Machine</li> </ul>	Chairman	HOU, Bo-Yi	Father & Son		
													Executive VP	HOU, Chih-Yuan	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	<ul style="list-style-type: none"> <li>Director, Tainan Spinning</li> <li>Director, UCC Investment</li> <li>Director, Huan-Chung Cement International Co.</li> <li>Director, Lio-ho Machine</li> <li>Director, Grand Bills Finance Corp.</li> <li>Director, Nantex Industry Co., Ltd.</li> </ul>	Chairman	HOU, Bo-Yi	Father & Son		
													President	HOU, Chih-Sheng	Sibling		
Chief of Auditing	R.O.C.	CHIAN G, 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	<ul style="list-style-type: none"> <li>Director, Lio-ho Machine</li> <li>Supervisor, UCC Investment</li> <li>Director, Universal Ready-mixed Concrete Industry</li> <li>Chairman, Chia-yi Ready-mixed Concrete</li> </ul>	-	-	-	-	
Asst. VP, Sales Division	R.O.C.	CHAN, Chih-hung	Male	2015.03.24	-	-	-	-	-	-	Dept. of Industrial Management, National Taiwan Institute of Technology	Director, Huan-Chung Int'l	-	-	-	-	
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-De	Male	2018.03.01	-	-	-	-	-	-	Dept. of Finance, National Taiwan University	<ul style="list-style-type: none"> <li>Director, Universal Ready-mixed Concrete</li> <li>Director, Tainan Ready-mixed Concrete</li> </ul>	-	-	-	-	
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	-	-	-	-	-	
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	-	-	-	-	-	
Plant Manager, Hai-fu 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	2010.08.30	-	-	-	-	-	-	Dept. of Chemistry, National Cheng-Kung University	<ul style="list-style-type: none"> <li>Chairman, Universal Ready-mixed Concrete Industry</li> <li>Chairman, Tainan Ready-mixed Concrete</li> <li>Director, Chia-yi Ready-mixed Concrete</li> </ul>	-	-	-	-	

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		The company		All companies in the consolidated financial statements
Chairman	Bo-Chih Investment Inc.	0	0	0	0	11,920	11,920	960	960	12,880 (1.18%)	12,880 (1.18%)	0	0	0	0	0	0	0	0	12,880 (1.18%)	12,880 (1.18%)	None
	Represented by: HOU, Bo-Yi	0	0	0	0	0	0	1,314	1,314	1,314 (0.12%)	1,314 (0.12%)	9,050	9,050	0	0	1,500	0	1,500	0	11,864 (1.09%)	11,864 (1.09%)	
Director	Sheng-Yuan Investment Inc.	0	0	0	0	2,980	2,980	240	240	3,220 (0.30%)	3,220 (0.30%)	0	0	0	0	0	0	0	0	3,220 (0.30%)	3,220 (0.30%)	
	Represented by: HOU, Chih-Sheng	0	0	0	0	0	0	90	90	90 (0.01%)	90 (0.01%)	7,663	7,663	0	0	1,260	0	1,260	0	9,013 (0.83%)	9,013 (0.83%)	
Director	Yu-Sheng Investment Inc	0	0	0	0	2,980	2,980	240	240	3,220 (0.30%)	3,220 (0.30%)	0	0	0	0	0	0	0	0	3,220 (0.30%)	3,220 (0.30%)	
	Represented by: HOU, Chih-Yuan	0	0	0	0	0	0	90	90	90 (0.01%)	90 (0.01%)	7,479	7,479	0	0	1,240	0	1,240	0	8,809 (0.81%)	8,809 (0.81%)	
Director	Hsing-Han Investment Inc	0	0	0	0	2,980	2,980	240	240	3,220 (0.30%)	3,220 (0.30%)	0	0	0	0	0	0	0	0	3,220 (0.30%)	3,220 (0.30%)	
	Represented by: CHEN, Jing-Hsing	0	0	0	0	0	0	90	90	90 (0.01%)	90 (0.01%)	0	0	0	0	0	0	0	0	90 (0.01%)	90 (0.01%)	
Independent Director	CHAN, Yi-Ren	0	0	0	0	0	0	570	570	570 (0.05%)	570 (0.05%)	0	0	0	0	0	0	0	0	570 (0.05%)	570 (0.05%)	
Independent Director	HO, Yi-Da	0	0	0	0	0	0	570	570	570 (0.05%)	570 (0.05%)	0	0	0	0	0	0	0	0	570 (0.05%)	570 (0.05%)	
Independent Director	WANG, Yong-Chun	0	0	0	0	0	0	570	570	570 (0.05%)	570 (0.05%)	0	0	0	0	0	0	0	0	570 (0.05%)	570 (0.05%)	

### 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		3,000	3,000	0	0	4,050	4,050	1,260	0	1,260	0	8,310 (0.76%)	8,310 (0.76%)	None
Executive Vice President	HOU, Chih-Yuan		2,880	2,880	0	0	3,940	3,940	1,240	0	1,240	0	8,060 (0.74%)	8,060 (0.74%)	

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

Unit: '000 NTD

Position	Name	Salary(A)		Pensions(B)		Reward and Allowance etc. (C)		Employees bonus from Distributable Earnings (D)				Total Amount (A+B+C+D)/Net Income		Remuneration from ventures other than subsidiaries or from the parent company
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
								Cash	Stock Value in Cash	Cash	Stock Value in Cash			
Chief Strategy Officer	HOU, Bo-Yi	4,200	4,200	0	0	4,850	4,850	1,500	0	1,500	0	10,550 (0.97%)	10,550 (0.97%)	None
President	HOU, Chih-Sheng	3,000	3,000	0	0	4,050	4,050	1,260	0	1,260	0	8,310 (0.76%)	8,310 (0.76%)	
Executive Vice President	HOU, Chih-Yuan	2,880	2,880	0	0	3,940	3,940	1,240	0	1,240	0	8,060 (0.74%)	8,060 (0.74%)	
Vice President	YANG, Tsung-Jen	1,828	1,828	0	0	346	346	64	0	64	0	2,238 (0.21%)	2,238 (0.21%)	
Director	CHANG, Pei-De	1,524	1,524	0	0	336	336	69	0	69	0	1,929 (0.18%)	1,929 (0.18%)	

### 3.3.4 Employees Remuneration to Management Team

Unit : ‘000 NTD

	Position	Name	Stock Value in Cash	Cash	Total	Total Amount/Net Income(%)
Managers	Chief Strategy Officer	HOU, Bo-Yi	-	4,264	4,264	4,264
	President	HOU, Chih-Sheng				
	Executive Vice President	HOU, Chih-Yuan				
	Chief Supervisor, Ready-mixed Concrete Division	ZHOU, Shih-Gui				
	Director, Sales Division	CHAN, Chih-Hung				
	Asst. VP, Building Material Division	KAO, Tsung-yao				
	Vice President, Finance Division, CFO	YANG, Tsung-Jen				
	Asst. VP, Finance Division	TSAI, Wen-Chang				
	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 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). The ratio for year of 2020 was 5.19% (comparing to Net Income of the Company) and 5.18%(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 9 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	9	0	100%	NA
Director	Sheng-Yuan Investment Inc. Represented by: HOU, Chih-Sheng	9	0	100%	
Director	Yu-Sheng Investment Inc. Represented by: HOU, Chih-Yuan	9	0	100%	
Director	Hsing-Han Investment Inc. Represented by: CHEN, Jing-Hsing	9	0	100%	
Independent Director	CHAN, Yi-Ren	9	0	100%	
Independent Director	HO, Yi-Da	9	0	100%	
Independent Director	WANG, Yong-Chun	9	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:

Date and Term of BOD meeting	Content of Proposal	Resolution of the Proposal	Measure implemented by the Company
1st Interim Meeting of the 23th BOD held on Spet. 23, 2021	Purchase of stock via private offering.	The Board adopted such proposal via 6 votes for the proposal and 1 vote against the proposal.	The Company had announced on MOPS, pursuant to the regulation, as material information on Spet. 23, 2021.

(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: N/A.

2. In the case where a director needs to recuse himself/herself, please specify the name of the director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution: N/A.

3. The implementation of the peer evaluation of the Board :

Evaluation frequency	Evaluated period	Evaluation scope	Evaluation method
Annually	2021.01.01~2021.12.13	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 6 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	6	0	100%	
HO, Yi-Da	6	0	100%	
WANG, Yong-Chun	6	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
7th meeting of 23th BOD held on Mar. 23, 2021	Financial Report for year of 2020	Resolved by the Committee with unanimous approval by all members presented and advise 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.
	Change of CPA		
	Ratification of Protocol of Internal Control		
10th meeting of 23th BOD held on July 26, 2021	Ratification of "Regulations Governing Loaning of Funds"		
12th meeting of 23th BOD held on July 26, 2021	Increase the Credit for Loan of Funds to UCC Investment, subsidiary of the Company		
1st Interim Meeting of the 23th BOD held on Spt. 23, 2021	Purchase of stock via private offering.	Resolved by the Committee with 2 votes for the proposal and 1 vote against the proposal and advise to submit to the Board of Director.	The Board adopted such proposal via 6 votes for the proposal and 1 vote against the proposal. The Company had announced on MOPS, pursuant to the regulation, as material information on Spt. 23, 2021.
13th meeting of 23th BOD held on Nov. 15, 2021	Ratification of "Regulations Governing the Acquisition and Disposal of Assets"	Resolved by the Committee with unanimous approval by all members presented and advise 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: N/A.

2. In case of recusal of Independent Directors due to conflict of Interest, please specify the name of the independent director, the content of the resolution, the reason for the recusal and the result of voting on the specific resolution: N/A.

3. Communication between the Independent Directors and Chief of Internal Audit / CPA:

(1) An 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 to 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, without the participation of members of the management team. No independent directors have expressed comments on the items communicated on the meetings.

3.4.3 Compliance Status of Corporate Governance and Deviations from “Corporate Governance Best-Practice Principles for TWSE/ TPEX” and reasons thereof.

Evaluation Item	Compliance Status			Deviation from the Practice and reasons
	Y	N	Remark	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		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?	✓		The Company has appointed spokesperson, deputy spokesperson and shareholders’ affair unit to respond to advise 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?	✓		The Company keep 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?	✓		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?	✓		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?	✓		The Company has considered from many aspect during the nomination and selection of candidates of directors to assure the appointee possess quality that might benefit the Company.	No major deviation identified.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The Company has appointed Remuneration Committee and Audit Committee pursuant to applicable regulation. The appointment of other functional committee will be deliberated according to the need of the Company.	No major deviation identified.
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?		✓	The Company has conducted a peer evaluation among members of the BOD and functional committees for the year of 2020. The result is reported on meeting of Board of Directors on Mar. 23, 2021.	No major deviation identified.

<p>(4) Does the company regularly assess the independence of CPA certifying the financial report of the Company?</p>	<p>✓</p>	<p>The Accounting Department of the Company evaluates independency of the CPA annually. The result is submitted to the BOD meeting and approved on Mar. 23, 2021. It is the conclusion of the Company that CPA Ms. LEE, Ji-Chen and Mr. YANG, Chao-Chin has satisfied the standard of independency recognized by the Company ( Note 1).</p>	<p>No major deviation identified.</p>
<p>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.)</p>	<p>✓</p>	<p>The Board of Directors has appointed Mr. YANG, Tsung-Jen to be the Chief Officer of Corporate Governance on its meeting on Aug. 11, 2020, effective from Jan. 1<sup>st</sup>, 2021.</p>	<p>No major deviation identified.</p>
<p>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?</p>	<p>✓</p>	<p>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.</p>	<p>No major deviation identified.</p>
<p>6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</p>	<p>✓</p>	<p>The Company has delegated the shareholder service to a professional service agency - Department of Stock Agency, SinoPac Securities Inc., effective from Apr. 8, 2021.</p>	<p>No major deviation identified.</p>
<p>7、 Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(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)?</p> <p>(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</p>	<p>✓</p>	<p>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.</p>	<p>No major deviation identified.</p>

<p>operation report for first three quarters, respectively, prior to the deadline pursuant to relevant regulations?</p>			
<p>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)?</p>	<p>✓</p>	<p>1. Benefit and Care for Employee  The Company has always lead the employee with integrity and establish close bond with employee with various benefits and on-job training.</p> <p>(1) Insurance: Group commercial insurance policy.</p> <p>(2) Remuneration: Annual Bonus, Performance-based Salary Adjustment.</p> <p>(3) Benefits: Meal subsidy/ holidays gift money (Dragon Boat Festival, Labor Day, Mid-Autumn and Chinese New Year)/ birthday gift money/ gift money for wedding, funeral birth and children's education/ emergency aid fund/ subsidy for traveling/ year-end party/ uniform/ annual health check.</p> <p>(4) Activities: Ad hoc sport event and encourage of participation in various sport event.</p> <p>(5) Training: Comprehensive training including orientation for new employee, on-job training, out-sourced training, online learning platform, subsidized training courses, incentive for advanced studies.</p> <p>(6) Pension System: The Company has organized Supervisory Committee of Business Entities' Labor Retirement Reserve pursuant to applicable regulations and allocate retirement reserve monthly as required. For employee qualified for old pension system, the Company has appropriated a lump-sum amount of retirement reserve fun to account under Bank of Taiwan as advised by the actuary in 2016. In compliance with implementation of Labor Pension Act on July 1, 2005, the Company has appropriated pension fund for employee qualified for new pension system at the rate of 6% and</p>	<p>No major deviation identified.</p> <p>No major deviation identified.</p> <p>No major deviation identified.</p>

		<p>deposit to the account under Bureau of Labor Insurance.</p> <p>2. Investor Relationship : The Company has appointed Spokesman and deputy spokesperson. The Company has delegated the shareholder service to a professional service agency - Department of Stock Agency, Sino Pac Securities, effective from Apr. 8, 202. The Company has endeavored to maintain effective communication with investors via full disclosure of information on MOPS website and participation on AGM.</p> <p>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.</p> <p>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.</p> <p>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. Please see below a list of training classes taken for 23rd Board of Directors.</p> <p>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.</p> <p>7. Customer Management Policy : The Company has implemented a</p>	<p>No major deviation identified.</p> <p>No major deviation identified.</p> <p>No major deviation identified.</p> <p>No major deviation identified.</p> <p>No major deviation identified.</p>
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			<p>credit allowance system for each client, 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.</p> <p>8. Insurance for Directors The Board of Directors has approved on its meeting on May 11, 2021, to insure the members of the board for its liability during executing its duty.</p>	
<p>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 2021 Evaluation on Corporate Governance published by TWSE, the Company will take into account the result and evaluate and form action plans for improvement.</p>				

Annex: Training Records for Board of Directors members.

Date	Institution/ Course	Chairman	Directors			Independent Directors		
		HOU, Bo-Yi	HOU, Chih-Sheng	HOU, Chih-Yuan	CHEN, Jing-Hsin	CHAN, Yi-Jen	HO, Yi-Da	WANG, Yong-Chun
Jan. 20	TCGA/ Prevention of Insiders' Trading and Implementation of Corporate Governance						3.0	
Apr. 14	TID/ Lectures for Directors			3.0				
May 6	TCGA/ Comprehension Aspects of Liabilities of Director	3.0		3.0				
Aug. 5	TCGA/ Corporate Governance and Insiders' Trading	3.0		3.0				
Aug. 9	TCGA/ Risk management under impact of COVID-19	3.0	3.0	3.0				
Sept. 9	TCGA/ 2021 Sustainable Governance and Trend of ESG/CSR						3.0	
Sept. 15	DGA/ Seminar on Liabilities of Directors and Supervisors and Risk Management		3.0			3.0		
Oct. 21	SFI/ Digital Transformation of Tradition Industry				3.0			
Oct. 28	SFI/ Liabilities of Directors and Supervisors for fraudulent financial reports				3.0	3.0		
Nov. 25	SFI/ Review of Financial Reports by members of Audit Committee							3.0
Dec. 14	TABF/ Lecture on Corporate Governance						3.0	
Dec. 23	SFI/ Advanced Seminar on the Practice of Directors and Supervisors							3.0
TCGA: Taiwan Corporate Governance Association		DGA: Digital Governance Association						
TID: Taiwan Institute of Directors		TABF: Taiwan Academy of Banking and Finance						
SFI: Securities & Futures Institution								

## (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	Chi Chen Lee 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.	Chao Chin Yang is currently a certified public accountant in the Tainan of Deloitte & Touche. He joined Deloitte in 1998 and then got the license of Taiwan CPA in 2012. In 2017, he was promoted to Audit Partner.
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

Qualification		Professional Qualification and Experience	Independence	Number of Companies in which the member served as member of Remuneration Committee
Identity	Name			
Independent Director, Chairman	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 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.	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."	None
Independent Director	CHAN, Yi-Ren	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.		None
	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 4<sup>th</sup> 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%													
<p><u>Mandate of the Remuneration Committee</u>            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.</p> <ol style="list-style-type: none"> <li>1. Implement, with regular review, standards applicable to evaluation of the performance of the Directors and managers, annual and long-term key performance indicators as well as the policies, systems, standards, and structure thereof.</li> <li>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.</li> <li>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.</li> </ol> <p><u>Meetings of Remuneration Committee</u>            The Committee has held the following meetings to review and evaluate remuneration policies of the Company in the year of 2021.</p> <table border="1"> <thead> <tr> <th>Date and Terms of the meetings</th> <th>Agenda</th> <th>Recommendation</th> <th>Actions by the Company</th> </tr> </thead> <tbody> <tr> <td>4<sup>th</sup> meeting of 4<sup>th</sup> Term, held on Mar. 23</td> <td> <ol style="list-style-type: none"> <li>1. Review of the remuneration policy structure for Directors and Managers and Key Performance thereof for the year of 2021.</li> <li>2. Review of distribution of remuneration of employee and directors for the year of 2020.</li> </ol> </td> <td>The Chairperson consulted with members presented and approve unanimously.</td> <td>The Board of Directors has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations.</td> </tr> <tr> <td>5<sup>th</sup> meeting of 4<sup>th</sup> Term, held on Nov. 15</td> <td> <ol style="list-style-type: none"> <li>1. Review of salary, key performance evaluation, remuneration and bonus policies to be adopted of 2022.</li> <li>2. Review of the remuneration of Directors of 2022</li> <li>3. Review of the salary and bonus distributable to the managers in 2022.</li> <li>4. Discussion of working plan of the committee for the year of 2021.</li> </ol> </td> <td>The Chairperson consulted with members presented and approve unanimously.</td> <td>The Board of Directors has adopted according to recommendation by the Committee and proceed accordingly and compliance with applicable regulations.</td> </tr> </tbody> </table>						Date and Terms of the meetings	Agenda	Recommendation	Actions by the Company	4 <sup>th</sup> meeting of 4 <sup>th</sup> Term, held on Mar. 23	<ol style="list-style-type: none"> <li>1. Review of the remuneration policy structure for Directors and Managers and Key Performance thereof for the year of 2021.</li> <li>2. Review of distribution of remuneration of employee and directors for the year of 2020.</li> </ol>	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.	5 <sup>th</sup> meeting of 4 <sup>th</sup> Term, held on Nov. 15	<ol style="list-style-type: none"> <li>1. Review of salary, key performance evaluation, remuneration and bonus policies to be adopted of 2022.</li> <li>2. Review of the remuneration of Directors of 2022</li> <li>3. Review of the salary and bonus distributable to the managers in 2022.</li> <li>4. Discussion of working plan of the committee for the year of 2021.</li> </ol>	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.
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<p>Other matters that require reporting :</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Any objections or reservations expressed by any committee member in record or in written to Remuneration</li> </ol>																	

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

Not applicable as the Company is not required to establish this committee.

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?	✓		<p>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.</p> <p>2.</p> <p>(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, 2021.</p> <p>(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.</p> <p>(3) Sustainable development responsible unit reports the implementation to the Board at least once a year. The latest reporting date: March 28, 2022. For the full report, please view the company's website: "Corporate Governance" → "Operation of the Board's meeting."</p> <p>3. The management team reports to the Board on the 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.</p>	None.
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?	✓		<p>1. The company makes risk assessment based on major issues such as environment, society and governance, negotiates with stakeholders, and establishes policies on ESG</p>	None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			<p>issues and risk management. For the full policies and strategies, please view the company's website: "Sustainable Development" → "Risk Policy and Strategy."</p> <p>2. The following information covers the sustainable development performance of the company's main sites in 2021. The risk assessment covers the parent company.</p>	
<p>3. Environmental issues</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of its industries?</p>	✓		<p>1. The company established environment protection measures including scrapping 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" → "The Policy on energy saving and carbon reduction."</p> <p>2. Verification: None.</p>	None.
<p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>	✓		<p>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" → "The Policy on energy saving and carbon reduction."</p>	None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company evaluate the potential risks and opportunities under climate change and take measures in response to climate related issues?	✓		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 2021. For the full assessment, please view the company's website: "Sustainable Development" → "TCFD."	None.
(4) Does the company record greenhouse gas emissions, water consumption, and weight of waste over the last two years and establish policies on energy efficiency, reduction of carbon dioxide and greenhouse gas, water-saving and other waste management?	✓		<ol style="list-style-type: none"> <li>1. The past two years' indirect greenhouse gas emission, consumption of water, amount of non-toxic waste, intensity of energy and water are disclosed on the company's website: "Sustainable development" → "The Policy on energy saving and carbon reduction", "Greenhouse gas emission, water and the waste."</li> <li>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" → "The Policy on energy saving and carbon reduction."</li> <li>3. The following information covers the company's main sites.</li> <li>4. Greenhouse gas emission inventory will be finished in 2023 and acquire verification in 2024.</li> </ol>	None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Explanation	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	√		<ol style="list-style-type: none"> <li>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. The company formulates human rights policies and expects all the business partners to comply with them.</li> <li>For more specific measures, please view the company's website: "About UCCTW" → "Human Rights Policy."</li> </ol>	None.
(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?	√		<ol style="list-style-type: none"> <li>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."</li> <li>In 2021, the company's female employment rate was 18.3% and female supervisor rate was 9.8%.</li> </ol>	None.

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company provide employees with a safe and healthy working environment and regularly organize training on health and safety?	✓		<ol style="list-style-type: none"> <li>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.</li> <li>2. Verification: None.</li> <li>3. In 2021, the case of the company occupational accidents: None.</li> </ol>	None.
(4) Does the company have an effective career development training program for employees?	✓		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?	✓		The company not only complies with local regulations and relevant international standards to label and promote products, but also provide customer service through email and hotline responding to consumer's queries and grievances to improve products and service efficiency. 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.	✓		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 reports above obtain assurance from a third party verification unit?	✓		<ol style="list-style-type: none"> <li>1. The company's Sustainability reports are written on the basis of the GRI Standards core options.</li> <li>2. The CPA firm of Legendary &amp; Steadfast Accountancy will be retained to provide an independent limited assurance of the 2021 sustainability report based on the standards in SAES No.1 "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.</li> </ol>	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.				

Action Items	Implementation Status			Discrepancies with Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Explanation	
<p>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. The following are the contributions of 2021.</p> <p>(1) Visit local representatives of our factories' neighborhood to understand residents' needs.</p> <p>(2) Industry-academia cooperation:</p> <p>a. Sponsor free gypsum boards for the 51<sup>th</sup> National Skills Competition.</p> <p>b. Internship program with Department of Civil Engineering from National Cheng Kung University.</p> <p>c. Participation in National Cheng Kung University's liberal education program.</p> <p>d. Provide mentorship for Seed Talent Program.</p> <p>(3) Donations:</p> <p>a. National Taiwan Sport University: NT\$ 200 thousand.</p> <p>b. National Taiwan University of Science and Technology: NT\$ 100 thousand.</p> <p>c. Wu San-Lien Awards Foundation: NT\$ 200 thousand.</p> <p>d. Southern Taiwan University of Science and Technology: NT\$ 200 thousand.</p> <p>e. Scholarship Foundation of the Harvard Club of the R.O.C.: NT\$ 50 thousand.</p> <p>f. Chinese National Federation of Industries: NT\$ 60 thousand.</p> <p>g. Taoyuan Enterprise Chamber: NT\$ 30 thousand.</p>				

### 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 <sup>1</sup>			Discrepancies from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(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?</p>	Y	N	<p>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</p>	None.

Evaluation Item	Implementation Status <sup>1</sup>			Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?			<p>implementation to the Board of Directors regularly.</p> <p>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.</p> <p>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 described in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>	None.
(3) Does the company clearly provide the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			<p>The company has clear stipulations and ethical business conduct and relevant guidelines covering code of conducts, whistleblowings, punitive measures for violations, and grievances in company articles and systems, such guidelines include the “Ethical Corporate Management Best Practice Principles,” “Procedures for Ethical Management and Guidelines for conduct,” “Whistleblowing Procedures of Unethical Behaviors,” and “Guidelines to Employee Grievances.”. The company has established “Code of Ethical Conduct” for the Directors and Managers of the company to adhere to. The adequacy and effectiveness of regulations and policies or ethical</p>	None.

Evaluation Item	Implementation Status <sup>1</sup>			Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
			business conduct are reviewed on a regular basis.	
2. Implementation of operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		In the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for conducts,” it is specified that the company shall refrain from having any engagements with parties that have any records of unethical conducts. Before dealing with any parties, the company shall assess whether there has been a record of unethical behavior, and try as much as possible to incorporate the ethical corporate management clause in the contract.	None.
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		<p>A. The company has designated The Office of the President to support ethical corporate management and be responsible for devising and overseeing the ethical corporate management policy and prevention programs against unethical conducts. The company reports the implementation of the above to the Board on March 23, 2021 and March 28, 2022. The frequency of report is at least once a year.</p> <p>B. The company implements the ethical corporate management policy, and the relevant implementation in 2021 is as follows:</p> <p>a. Establish evaluation system for trading counterparties and require suppliers to comply with the ethical management principles.</p> <p>b. Program the internal and external regulations and conduct case studies based on real cases and training related to ethical management, with a total</p>	None.

Evaluation Item	Implementation Status <sup>1</sup>			Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
(3) Does the company establish and implement policies to prevent conflicts of interest and provide appropriate communication channels?			<p>participant of 488.</p> <p>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.</p> <p>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.</p>	None.
(4) Does the company have effective accounting and internal control system in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the system to prevent unethical conduct, or hire outside accountants to perform the audits?			<p>The company has established an effective and mature accounting and internal control system to connect the function of personnel, finance, sales, production and materials layer by layer, inspecting and managing abnormalities. The Audit Office under the company’s Board of Directors formulates an audit plan every year to check compliance with rules and regulations and reduce the risk of unethical behavior. In addition, since internal audit is the responsibility of all employees, all units of the company also conduct self-assessment of internal control in January each year to facilitate the implementation of the spirit of internal control to all levels.</p>	None.

Evaluation Item	Implementation Status <sup>1</sup>			Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
(5) Does the company regularly hold internal and external educational training on ethical management?			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 2021 is with a total participant of 488.	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?	~		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?	~		The company’s “Whistle-blowing Procedures of Unethical Behaviors” and “Guidelines to Employee Grievances” clearly stipulate the relevant standard operating procedures for following steps of cases, acceptance, investigation, closing and filing, and the above-mentioned rules stipulate that any unauthorized disclosure of the any details of the case, where on-going or not, is strictly forbidden and the entire proceedings shall remain confidential.	None.
(3) Does the company provide proper whistle-blower protection?	~		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	~		The company discloses its “Ethical Corporate Management Best Practice	None.

Evaluation Item	Implementation Status <sup>1</sup>			Discrepancies from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Illustration	
policies and the results of its implementation on the company’s website and MOPS?			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.	
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.				

### 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: 19.5 hrs. qualified education for 2021.

Institution	Courses	Date		Hour
		From	To	
Taiwan Listed Company Association	Post-Pandemic economy development and overlook in Taiwan	2021/1/15	2021/1/15	2.0
Taiwan Listed Company Association	50 years forward and backward-Cultivation of talents and prevention of disaster	2021/3/15	2021/3/15	2.0
Securities & Futures Institute	Practice of Directors, Supervisors and Chief Officer of Corporate Governance	2021/8/23	2021/8/24	12.0
Taiwan Listed Company Association	Industry Merger and Transitional Innovation in Taiwan	2021/9/15	2021/9/15	2.0
Taiwan Listed Company Association	To keep up with global development trend and new initiatives	2021/12/15	2021/12/15	1.5

## 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 three 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: 3/28/2022

With regards to results of the 2021 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, 2021 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 28, 2022 with the presence of all directors attended the meeting.

### Universal Cement Corporation

Chairman:

 Signature/Seal

President:

 Signature/Seal

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

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

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

1. Shareholders' Meeting

Implementation of resolutions of 2021 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 2020.

**COUNTING OF VOTES:** The result of voting on this Proposition as follow, The number of shares presented: 446,052,009 shares. 417,895,307 shares voted FOR the proposition, including 77,318,656 voted online, representing 93.68% of share presented upon casting of votes. 80,757 shares voted AGAINST the proposition, including 80,757 shares voted online. 28,075,945 shares voted abstention, including 5,599,737 shares voted online.

**RESOLUTION:** 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 2020.

**COUNTING OF VOTES:** The result of voting on this Proposition as follow, the number of shares presented: 446,052,009 shares. 418,414,708 shares voted FOR the proposition, including 77,838,057 voted online, representing 93.80% of share presented upon casting of votes. 54,788 shares voted AGAINST the proposition, including 54,788 shares voted online. The share of void vote was 0. 27,582,513 shares voted abstention, including 5,106,305 shares voted online.

**RESOLUTION:** The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

**IMPLEMENTATION:** All dividend for the year of 2020 has been distributed on Sept. 8, 2021 at the rate of 1.1 NTD per share.

**Matters for Discussion I:**

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

**COUNTING OF VOTES:** The result of voting on this Proposition as follow, The number of shares presented: 446,052,009 shares. 418,420,849 shares voted FOR the proposition, including 77,844,198 voted online, representing 93.80% of share presented upon casting of votes. 55,433 shares voted AGAINST the proposition, including 55,433 shares voted online. The share of void vote was 0. 27,575,727 shares voted abstention, including 5,099,519 shares voted online.

**RESOLUTION:** The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

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

**MOTION**

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

**COUNTING OF VOTES:** The result of voting on this Proposition as follow, The number of shares presented: 446,052,009 shares. 418,420,849 shares voted FOR the proposition, including 77,844,198 voted online, representing 93.80% of share presented upon casting of votes. 55,433 shares voted AGAINST the proposition, including 55,433 shares voted online. The share of void vote was 0. 27,575,727 shares voted abstention, including 5,099,519 shares voted online.

**RESOLUTION:** The number of votes FOR the proposition has reached legal threshold, the proposition is adopted as proposed.

**IMPLEMENTATION:** The amendment is effective as of the 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 9 meetings for the year of 2021 with summary of major resolutions as follow,

- (1)The 23rd Board has adopted in its 6th meeting on Feb. 2, 2021 the following, Appointment of Shareholders' Service Agent.
- (2)The 23rd Board has adopted in its 7th meeting on Mar. 23, 2021 the following, Proposal of Bonus to Directors and Employee for the year of 2020, Operation Report, Individual Financial Report and Consolidated Financial Report of the Company for the year of 2020, Distribution of Dividend for the year of 2020, Call for 2021 Shareholders' Meeting, 2020 Statement on Internal Control, Loan of Funds to Subsidiary, Replacement of CPA, Evaluation of Independence and Qualification of the CPA, Amendment of "Rules of Procedure for Shareholders' Meeting" of the Company, Amendment of "Audit Committee Charter" of the Company, Amendment of "Remuneration Committee Charter" of the Company, Amendment of "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company, Amendment of "Rules Internal Control Systems" and "Internal Audit Implementation Rules" of the Company, Purchase of Insurance Policy for Liability of Directors and Managers of the Company, Approval of Fee of Engagement of CPA for Auditing of Financial Report, Amendment of "Ethical Corporate Management Best Practice Principles" of the Company.
- (3) The 23rd Board has adopted in its 8th meeting on May 11, 2021 the following, Credit of Loans of Funds to Subsidiaries of UCC, Insurance for liability of the Directors and Managers, Review of proposition by shareholders.
- (4) The 23rd Board has adopted in its 9th meeting on June 28, 2021 the following, Revision of the Date and Venue for 2021 Annual General Meeting of Shareholders.

- (5) The 23rd Board has adopted in its 10th meeting on July 26, 2021 the following, Ratification of “Regulations Governing Loaning of Funds”
- (6) The 23rd Board has adopted in its 11th meeting on July 27, 2021 the following, Authorization to Chairman for deciding record date for distribution of dividend and the date of distribution °
- (7) The 23rd Board has adopted in its 12th meeting on July 27, 2021 the following, Capital Injection by Cash for UCC Investment Inc., Increase of credit of load of funds to UCC RMC Industry Inc., Increase of credit of load of funds to UNEO Inc..
- (8) The 23rd Board has adopted in its 1<sup>st</sup> extraordinary meeting on Sept. 23, 2021 the following, Purchase of Stock via private offering.
- (9) The 23rd Board has adopted in its 13th meeting on July 27, 2021 the following, 2022 Internal Audit Plan, Ratification of “ Regulations Governing the Acquisition and Disposal of Assets”, Ratification of partial of the Chart of Organization, Enactment of Policies and Protocol of Risk Management, Enactment of “Procedures for Handling Material Inside Information”, Appointment of high rank manager.

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

Meeting Date	Resolution Involved	Directors with Dissenting Opinion	Actions by the Company
May 11, 2021	Review of proposition by shareholders	Mr. CHAN, Yi-Jen, Independent Director and Mr. Ho, Yi-Da, Independent Director	To announce on MOPS website pursuant to relevant regulations.
Sept 23, 2021	Purchase of Stock via private offering	Mr. WANG, Yong-Chun, Independent Director	To announce on MOPS website pursuant to relevant regulations.

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

### 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	Chi Chen Lee	01.01.2021 ~	2,340	180	2,520	Note
	Chao Chin Yang	12.31.2021				

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

Date of replacement	Approved by BOD meeting on March 23, 2021		
Reason for replacement and explanation	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 Chao Chin Yang and Lee Yuan Kuo to CPA Chi Chen Lee and Chao Chin Yang since 2021Q1.		
Describe whether the Company terminated or the CPAs terminated or did not accept the engagement	Parties	CPAs	The Company
	Circumstances		
	Terminated the engagement	Not applicable	Not applicable
	No longer accepted (discontinued) the engagement	Not applicable	Not applicable
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	None		
Disagreement with the Company?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Other
	No	V	
	Specify details		

Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None
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### 3.6.2. Information Regarding the Successor CPAs

Name of accounting firm	Deloitte & Touche-Taiwan
Names of CPAs	CPA Chi Chen Lee and Chao Chin Yang
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.

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

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

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

Position	Name	Year of 2021		As of Apr. 30 of 2022	
		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 2021		As of Apr. 30 of 2022	
		Change in share held	Change in share pledged	Change in share held	Change in share pledged
Chief Strategy officer	HOU, Bo-Yi	-	-	-	-
President	HOU, Chih-Sheng	-	-	-	-
Executive Vice President	HOU, Chih-Yuan	-	-	-	-
Vice President, Building Material Division	CHANG, Ching-Tse	-	-	-	-
Supervisor, Ready-Mixed Concrete Division	CHOU, Shih-Kuei	-	-	-	-
Assistant Vice President	CHAN, Chih-Hong	-	-	-	-
Assistant Vice President	KAO, Tsung-yao	-	-	-	-
Assistant Vice President	TSAI, Wen-Chang	-	-	-	-
Vice President, Finance Division (Chief Financial Officer)	YANG, Tsung-Jen	-	-	-	-
Director (Chief of Accounting)	TSENG, Pei-Hsin	-	-	-	-

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

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

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

#### Disclosure of Top Ten Shareholders and relationships among which.

2022.04.16

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	Spouse	
Yu-Sheng Investment Co., Ltd.	64,532,037	9.87%	-	-	0	0%	Bo-Chih Investment Co., Ltd.	Same Director	
Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	22,393,735	3.43%	50,888,251	7.79%	0	0%	HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Spouse	
HOU, Bo-Yi	50,888,251	7.79%	22,393,735	3.43%	0	0%	Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Same Individual	
							HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	Spouse	
							HOU, Bo-Yu	Siblings	
stodian Pictet investment accounts	38,867,405	5.95%	-	-	0	0%	None	None	
Bo-Chih Investment Co., Ltd.	27,893,282	4.27%	-	-	0	0%	Sheng-Yuan Investment Co., Ltd.	Same Chairman	
Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	50,888,251	7.79%	22,393,735	3.43%	0	0%	HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi	Same Individual	
							HOU SU, Ching-Chieh Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	Spouse	
							HOU, Bo-Yu	Siblings	
HOU SU, Ching-Chieh	22,393,735	3.43%	50,888,251	7.79%	0	0%	Representative of Yu-Sheng Investment Co., Ltd.: HOU SU, Ching-Chieh	Same Individual	
							HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Spouse	
Standard Chartered custodian DBS Bank 0600049662	20,221,281	3.09%	-	-	0	0%	None	None	
Long-Yi-Chang Sand & Stone Co., Ltd.	17,814,243	2.73%	-	-	0	0%	無	無	
Representative of Long-Yi-Chang Sand & Stone Co., Ltd.: Yang, Chin-Song	42,447	0.01%	-	-	0	0%	無	無	
HOU, Bo-Yu	17,113,105	2.62%	-	-	0	0%	HOU, Bo-Yi Representative of Sheng-Yuan Investment Co., Ltd.: HOU, Bo-Yi Representative of Bo-Chih Investment Co., Ltd.: HOU, Bo-Yi	Siblings	
T.H. Wu Foundation	11,670,151	1.79%	-	-	0	0%	None	None	

### 3.10 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, 2021 (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.	1,265,000	42.17	10,000	0.33	1,155,000	42.50
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

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

2022.04.16

Type of Shareholders	Government Agencies	Financial Institution	Other Institutional Investor	Individual	Foreign Institution and Natural Person	Total
Number	0	15	149	48,097	164	48,425
Share held	-	6,171,355	239,525,227	327,952,193	79,960,417	653,609,192
Ratio of share held	-	0.95%	36.65%	50.18%	12.23%	100.00%

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

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

##### 1. Common Share

2022.04.16

Categories (Share)	Number of Shareholders	Total of Share held	Ratio
1 to 999	25,938	5,638,752	0.86%
1,000 to 5,000	16,404	37,086,185	5.67%
5,001 to 10,000	3,052	23,703,097	3.63%
10,001 to 15,000	922	11,417,854	1.75%
15,001 to 20,000	590	10,649,371	1.63%
20,001 to 30,000	532	13,229,292	2.02%
30,001 to 40,000	226	7,960,339	1.22%
40,001 to 50,000	171	7,885,851	1.21%
50,001 to 100,000	276	19,635,277	3.00%
100,001 to 200,000	149	21,630,643	3.31%
200,001 to 400,000	67	18,780,303	2.87%
400,001 to 600,000	29	13,802,338	2.11%
600,001 to 800,000	14	9,785,549	1.50%
800,001 to 1,000,000	7	6,518,651	1.00%
1,000,001 and above	48	445,885,690	68.22%
Total	48,425	653,609,192	100.00%

##### 2. Special Stock: None.

#### 4.1.4 List of Major Shareholders

Name of Major Shareholder	Share held	Ratio
Sheng-Yuan Investment Co., Ltd.	65,255,811	9.98%
Yu-Sheng Investment Co., Ltd.	64,532,037	9.87%
HOU, Bo-Yi	50,888,251	7.79%
HSBC custodian Pictet investment accounts	38,867,405	5.94%
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%
Long-Yi-Chang Sand & Stone Co., Ltd.	17,814,243	2.73%
HOU, Bo-Yu	17,113,105	2.62%
T.H. Wu Foundation	11,670,151	1.79%

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

Unit: NT\$/thousand shares

Items	2021	2020	01/01/2022 -03/31/2022
<b>Market Price per Share</b>			
Highest Market Price	29.80	24.45	21.85
Lowest Market Price	20.25	13.65	20.6
Average Market Price	24.18	19.51	21.33
<b>Net Worth per Share</b>			
Before Distribution	29.43	28.54	Note 5
After Distribution	-	27.44	-
<b>Earnings per Share</b>			
Weighted Average Shares (thousand shares)	653,609	653,609	653,609
Diluted Earnings Per Share	1.66	1.91	Note 5
Adjusted Diluted Earnings Per Share	-	-	-
<b>Dividends per Share</b>			
Cash Dividends	1.0(Note 4)	1.1	-
Stock Dividends			
• Dividends from Retained Earnings	-	-	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	-	-	-
<b>Return on Investment</b>			
Price / Earnings Ratio (Note 1)	14.57	10.21	-
Price / Dividend Ratio (Note 2)	24.18	17.74	-
Cash Dividend Yield Rate (Note 3)	4.14%	5.64%	-

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, 2022 has not been reviewed by an accountant.

#### 4.1.6 Dividend Policy and Implementation thereof

##### 1. Dividend Policy of the company

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

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

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

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

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

Shareholders' Meeting may adopted to adjust distribution ratio stipulate above by considering the profitability and demand for funds of the Company.

##### 2. Implementation

Year \ Form of Dividend	Cash Dividend	Stock Dividend (Cash equivalent)
2017	1.1	0
2018	1.0	0
2019	1.0	0
2020	1.1	0
2021	To be adopted by Shareholders' Meeting	

Dividend for year of 2020 has been distributed on Sept. 8, 2021. Dividend for year of 2021 shall be adopted by 2022 Shareholders' Meeting. The record date shall be decided after the adoption of proposition.

3. The proposition of distribution of reserve for 2021 is as follow:

Item	Amount
Unappropriated Retained Earnings of Previous Years	5,003,945,573
Plus: Net Profit of 2021 after tax	1,088,078,375
Minus: Setting aside of legal reserve	(108,807,838)
Earnings available for distribution	5,983,216,110
Distribution of :	
Dividend (NTD 1 in cash per share)	653,609,192
Unappropriated Retained Earnings for year ended in 2021	5,329,606,918

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

4.1.8 Compensation of employees, directors, and supervisors :

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

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

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

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period : Any difference between the estimate and the actual distribution of compensation for employee and directors, bonus in stock for the year of 2021 shall be regarded as changes in accounting estimates and be treated as profit or loss of 2022.
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. 28, 2022 to distribute compensation of NTD 20,859,864 in cash for employee and same amount for directors. The amount matches the estimate of record for year of 2021.

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

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

	Amount Distributed	Amount Estimated	Difference
Compensation for Employee	22,945,855	22,945,855	0
Compensation for Directors	22,945,855	22,945,855	0

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

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

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

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

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

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

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

## V. Operational Highlights

### 5.1 Business

#### 5.1.1 Business Scope

- A. Main areas of business operations
  - a. Manufacturing, sales and transportation of Cement.
  - b. Manufacturing, sales and transportation of Ready-mixed concrete(RMC).
  - c. Manufacturing and distribution of fire-resistant material.
  - d. Indoor light steel framing.
  - e. Retail of Building Materials.
  - f. Manufacturing and sales of other non-metallic mineral products.
  - g. Manufacturing and sales of electronic components.
  - h. Wholesale of electronic materials.
  - i. Manufacturing and sales of Computer and peripheral equipment.
  - j. Waste disposal industry.

#### B. Distribution of Revenue among products sectors

Cement	RMC	Gypsum board
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

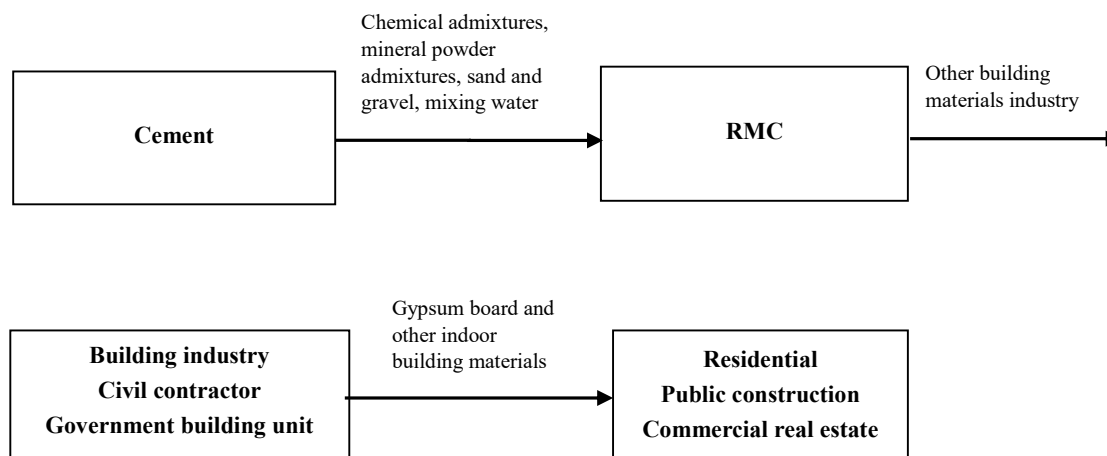
The cement, ready-mixed concrete and gypsum boards produced by the company are basic building materials and the company is one of the suppliers of main raw material in Taiwan's construction industry. In 2021, the government promotes Forward-looking Infrastructure Development Program to drive public projects; 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 43.42 million square meters with an increase of 4.5% from 2020. 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 2019 to 2021 are as follow,

Year	2022 (Budget)	2021	2020
R&D Expenditure( in '000 NTD)	62,592	78,683	69,195
Ration to revenue	1.3%	1.5%	1.5%

Note: expenditure for 2021 and 2020 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 covers the western half of Taiwan.
- b. RMC: Sales area in Taiwan covers Hsinchu, Taichung, Tainan, Kaohsiung and Pingtung.
- c. Gypsum Board: Sales area of gypsum boards is mainly domestic with partial exported.
- d. Pressure Sensor: The key marketing areas to focus on are Asia, Europe and the United States.

#### B. Market Share of Major Products

Cement	Gypsum board
2.95%	91.3%

RMC		
Tainan	Kaohsiung	Pingtung
17.64%	13.01%	26.23%

C. Future Growth of Major Products

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

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

D. Competitive Niche

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

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

**Favorable Factors for Industry:**

- a. Due to the frequent occurrence of earthquakes, the trend of disaster prevention urban renewal is clear. The government will speed up the urban renewal review system, which will help shorten the time period and energize civil engineering.
- b. In recent years, the government has promoted Forward-looking Infrastructure Development Program to drive public projects, and enterprises have actively invested in new factories and offices, and there is a strong demand for basic building materials.
- c. The company's long-term management for good quality, service, and making progress in product performances is deeply recognized by customers.
- d. Actively implement cost management to ensure market competitive advantages.

**Unfavorable Factors for Industry:**

- a. Since the government's energy policy is aiming for natural gas and wind power generation in place of coal-fired power generation, it is getting more challenging to obtain synthetic gypsum, major raw material, domestically.
- b. The dumping of low-priced gypsum boards has made the gypsum board market competitive.
- c. Operating costs of keep factors such as sand and gravel, transportation, and wages are rising year by year.

**Countermeasures for Unfavorable Factors:**

- a. Manufacture with efficient in off-peak hours for lower electricity expenses, keep up with raw material cost fluctuations, and implement cost management. Proactively implement cost management policies by leveraging the benefit of off-peak electricity tariff when conducting production planning and keep sensitive to the fluctuation of cost of raw material.
- b. Encourage employees to develop diverse skill, increase the competitiveness in gypsum board systems, and perform job rotations in a timely and appropriate manner to deploy human resources flexibly.
- c. Set up a new gypsum board factory in Luzhu, Kaohsiung, to raise production efficiency.

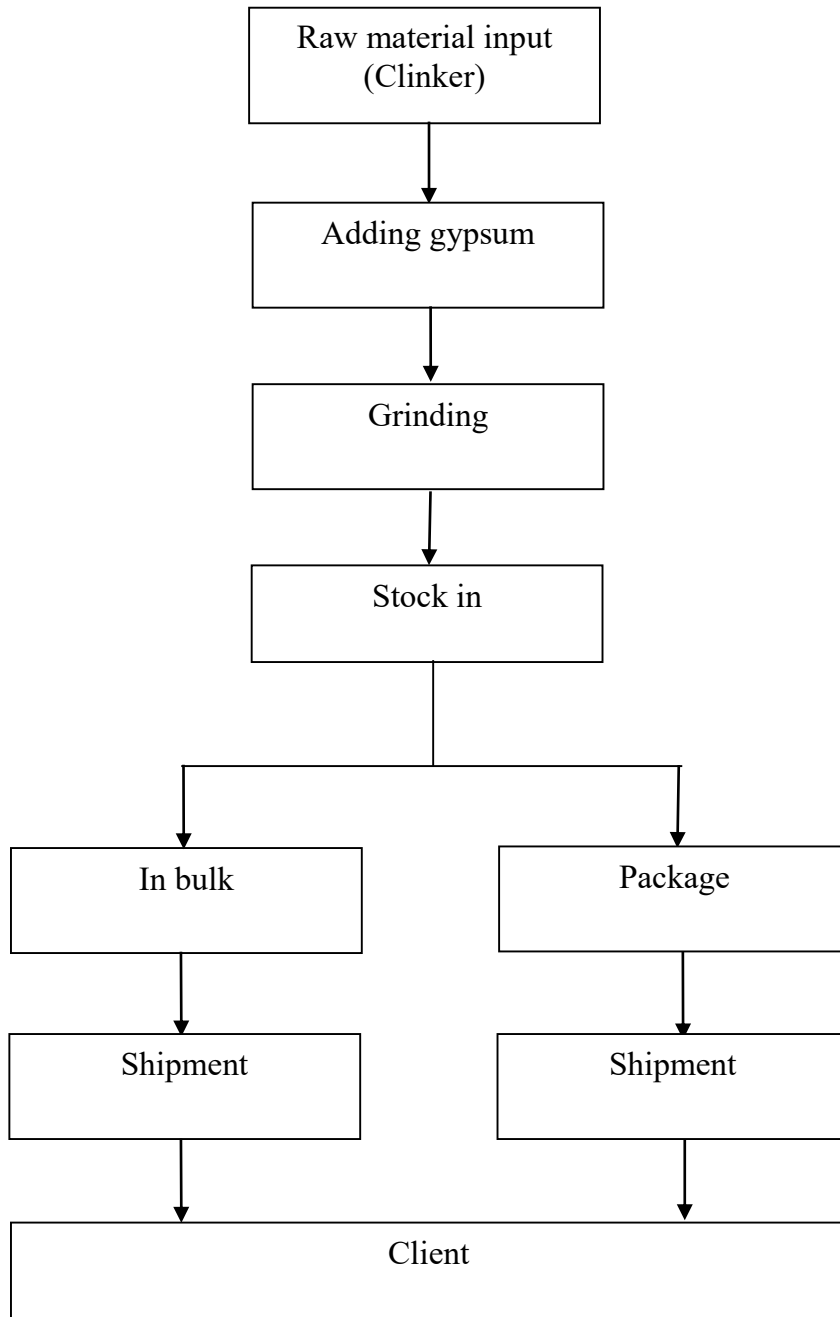
### **5.2.2 Production Procedures of Main Products**

#### **A. Major Products and Their Main Uses**

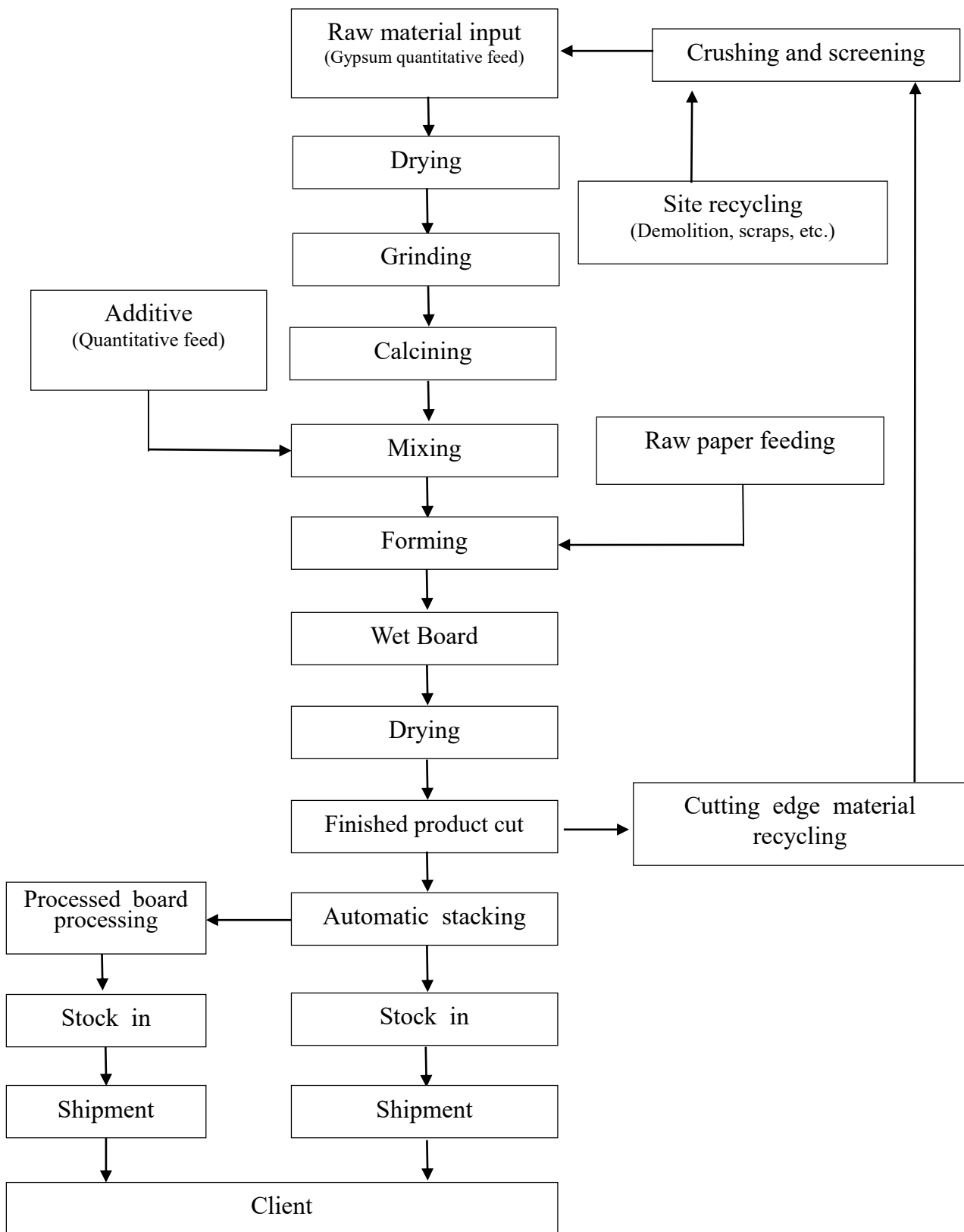
- a. Cement, RMC and Gypsum Board: For construction projects.
- b. Pressure Sensor: Apply to stylus, industrial and semiconductor equipment, pressure distribution measuring instruments, smart healthcare monitoring, medical beds, etc.

## B. Major Products and Their Production Processes

### a. The company's cement production process

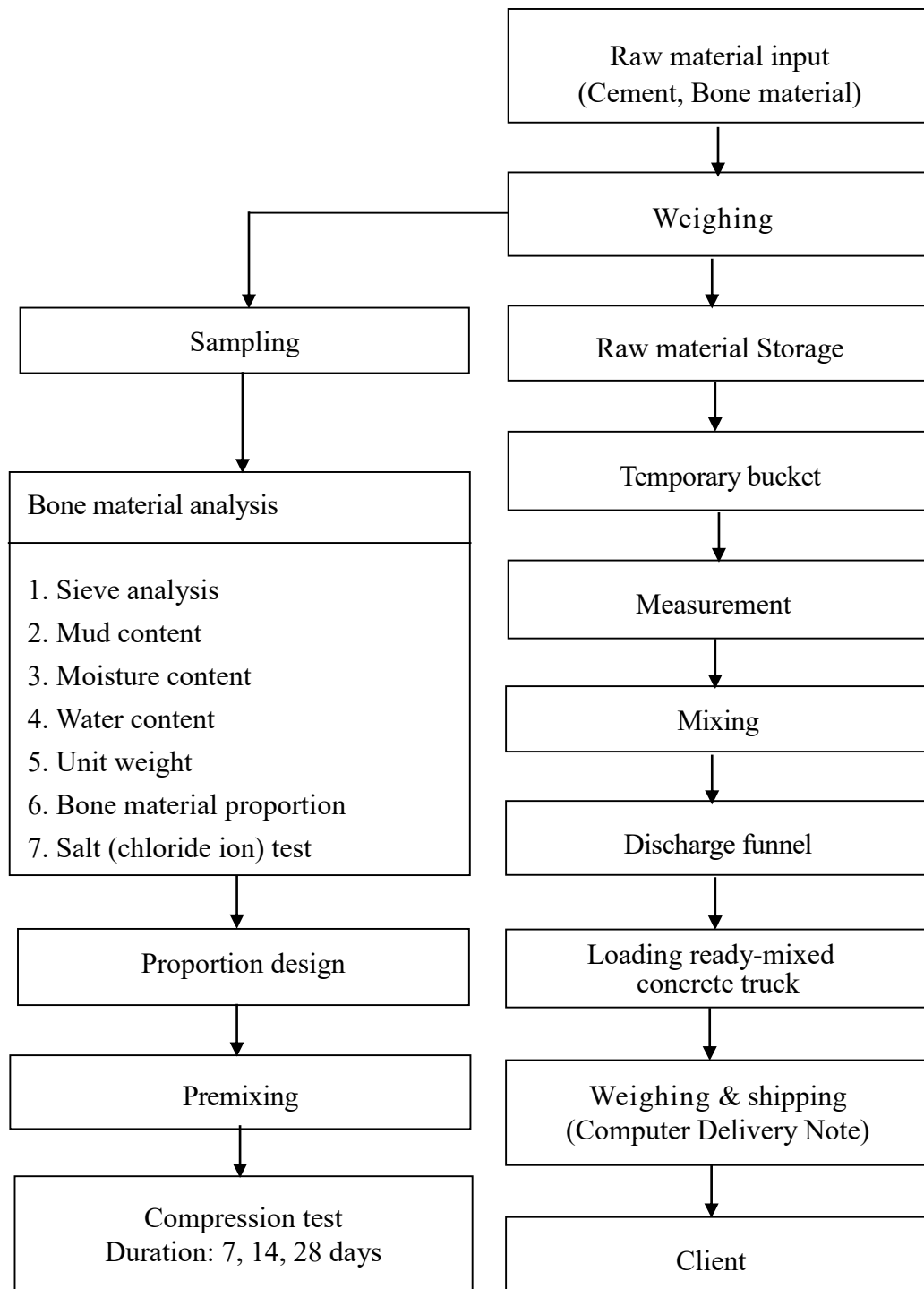


b. The company's gypsum board production process





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



### 5.2.3 Supply Status of Main Materials

Item \ Materials	Clinker	Gravel	Gypsum		Raw paper
			Natural	Desulfurization	
Monthly requirement(tons)	32,000	260,000	0	9,300	350
Safety stock(days)	30	30	0	60	60

## 5.2.4 Major Suppliers and Clients

### A. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2020				2022 (As of March 31) Note 1			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	The Taiwan Cement Corporation	1,387,028	36%	-	The Taiwan Cement Corporation	1,389,141	37%	-	-	-	-	-

Note 1: As of the publication date of the annual report, the consolidated financial information as of March 31, 2022 has not been reviewed by accountant.

### B. Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2021				2020				2022 (As of March 31) Note 1			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Hung Hsin Building Materials Co.,Ltd	526,861	9%	-	Hung Hsin Building Materials Co.,Ltd	525,912	10%	-	-	-	-	-

Note 1: As of the publication date of the annual report, the consolidated financial information as of March 31, 2022 has not been reviewed by accountant.

## 5.2.5 Production in the Last Two Years

Unit: NT\$ thousands

Production Year Major Products (or by department)	2021			2020		
	Capacity	Production	Value of Production	Capacity	Quantity	Amount
Cement	800,000(t)	369,100(t)	640,979	800,000(t)	411,700(t)	642,315
Ready-mixed concrete	2,448,000(M <sup>3</sup> )	1,546,268(M <sup>3</sup> )	2,716,910	2,448,000(M <sup>3</sup> )	1,577,266(M <sup>3</sup> )	2,591,889
Gypsum board	20,000,000(M <sup>2</sup> )	15,004,180(M <sup>2</sup> )	479,827	20,000,000(M <sup>2</sup> )	13,957,821(M <sup>2</sup> )	436,653
Other			26,119			22,756
Individual production value	-	-	3,863,835	-	-	3,693,613
Consolidated production value	-	-	(Note1) 4,432,487	-	-	(Note1) 3,975,173

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

## 5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands

Shipments & Sales Major Products (or by departments)	Year		2021				2020			
			Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue		
Cement	(Note 1) 273,026(t)	677,812	-	-	(Note 2) 283,486(t)	685,331	-	-		
Ready-mixed concrete	1,546,268(M <sup>3</sup> )	3,338,771	-	-	1,577,266(M <sup>3</sup> )	3,057,455	-	-		
Gypsum board	13,927,765(M <sup>2</sup> )	758,891	903,858 (M <sup>2</sup> )	28,181	12,820,290(M <sup>2</sup> )	710,182	1,028,755 (M <sup>2</sup> )	32,252		
Other	-	22,784	-	-	-	10,296	-	-		
Individual sales value	-	4,798,258	-	28,181	-	4,463,264	-	32,252		
Consolidated sales value	-	6,033,170	-	45,937	-	5,389,381	-	36,836		

Note 1 : Cement sales did not include self-use cement 100,928 (t) in 2021.

Note 2 : Cement sales did not include self-use cement 126,993 (t) in 2020.

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

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

Duration of Report		2020	2021	Till Apr. 30, 2022
Number of Employee	Total	432	445	462
Age in Average		43.28	42.40	41.85
Seniority in Average		11.12	10.92	10.24
Education level	Ph. D	0.69%	0.45%	0.43%
	Master	7.65%	10.56%	11.26%
	Bachelor	58.15%	50.79%	50.43%
	High School	30.96%	35.51%	35.50%
	Below	2.55%	2.70%	2.38%

## 5.4 Environmental Expenditure

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

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 (Appealing)	Former Class B Dedicated Air Pollution Control Specialist Mr. Chen, Geng-Ben resigned on Mar. 12, 2021. The filing of such was not submitted until May 31, 2021.	Dec. 27, 2021	EPB, Kao-hsiung City Gov't, Kong-Chu No. 20-110-120029 order	Art. 34, Air Pollution Control Act	Fine: NTD 200,000 Deadline of improvement: Jan. 28, 2022 Environmental workshop 2 hours	Reinforce management of licensed specialist personnel.
Environmental Protection Bureau, Kao-Hsiung City Government	Former professional technical personnel on site, Mr. Tsai, Ming-Tse resigned on May 12, 2021, and was succeeded by Mr. Tsai, Ming-Fu. The succession was not filed within 15 days after the change.	Aug. 12, 2021	EPB, Kao-hsiung City Gov't, Fei-Chu No. 40-110-080009 order	Sec. 2 of Art. 28, Waste Disposal Act	Fine: NTD 6,000 Environmental workshop 1 hours	Reinforce management of licensed specialist personnel.
	The output and storage volume of waste, code:D-0899, was filed as "0" from Jan. to Oct. 2020. It was found during a plant inspection that there are record of routine replacement of filter monthly according to cement manufacturing procedure. Thus, it's determined that this to be a clear violation due to fraudulent filing of volume of waste.	Jan. 13, 2021	EPB, Kao-hsiung City Gov't, Fei-Chu No. 40-110-010020 order	Sub.-Sec. 2, Sec. 1, Art. 31 of Waste Disposal Act	Fine: NTD 6,000 Environmental workshop 1 hours	Modification to Plan for Disposal of Waste has been made and filed monthly at Industrial Waste Management System.
	Wasted filter bags were founded at the packing area on the second floor of the plant. However, no sign or labeling with the name of the industrial waste was placed with clear vision and hence violates relevant regulations as cited.	Jan. 13, 2021	EPB, Kao-hsiung City Gov't, Fei-Chu No. 40-110-010021 order	Sec. 1, Art. 36 of Waste Disposal Act and Sub.-sec. 4, Sec. 1, Art. 6 of Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	Fine: NTD 6,000 Environmental workshop 1 hours	Already relocate the wasted filter bag to designated storage area as recorded by Plan for Waste Disposal and establish label of the name of waste in Chinese with clear vision.
Environmental Protection Bureau, Kao-Hsiung City Government	Mixture of wasted oil produced from the plant was stored outdoor in torn container without remedial facility or measure to prevent the inflow of rain or leakage and leakage and pollution of the ground was identified.	Jan. 13, 2021	EPB, Kao-hsiung City Gov't, Fei-Chu No. 40-110-010022 order	Sub.-Sec. 1, Sec. 1, Art. 31, Sec. 2, Art. 31, Sec. 1, Art. 36 of Waste Disposal Act and Sub.-sec. 4, Sec. 1, Art. 6 and Sub.-sec. 1, Sec. 1, Art. 10 of Methods and Facilities Standards for the Storage, Clearance, and Disposal of Industrial Waste	Fine: NTD 6,000 Environmental workshop 1 hours	Modification to Plan for Disposal of Waste has been made and filed monthly at Industrial Waste Management System and another copy of such filing has been served to licensed disposal facility.

Competent Authority	Description of Violation	Date of Sanction	Reference of Sanction Order	Regulation Violated	Sanction	Countermeasures and estimated amount for fine in the future
	Production of Noise exceed the level allowed due to the use of power tool during prohibited hours of a day.	Jan. 26, 2022	EPB, Kao-hsiung City Gov't, Zao-Chu No. 22-111-010076 order	Sec. 4, Art. 8, Noise Control Act and Sec. 4 of No. 104391770001 order by Kao-hsiung City Government where it stipulates that "No usage of power tool to the extend that such usage creates noise by construction activities at restricted zone from 10pm to 8am of next day and 12pm to 2pm on holiday.	Fine: NTD 3,000	Avoid construction during holiday.
Bureau of Environmental Protection, Taoyuan City Government	Failure to equip the premises with a Class B Waste Disposal Technician	Feb. 18, 2021	Tao-yuan City Gov't Huan No. 1100011671 Order	Sec. 2 of Art. 28, Waste Disposal Act	Fine: NTD 6,000	Already assigned a Class B Waste Disposal Technician



## 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 1<sup>st</sup>, 2005 which allows employees the liberty to choose applicable scheme. For employee who chose this scheme, the company shall appropriate a reserve for pension equivalent to 6% of salary pursuant to applicable regulations.

5. Other important agreement:

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

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

## 5.6 Cyber Security Policy Purpose and Objectives

### 5.6.1 Cyber Security Policy Purpose

1. This policy is made in order to make the company's business run smoothly, ensure the security of the company's mainframe, network equipment and network communications, and prevent information or information and communication system from being unauthorized access, use, control, disclosure, damage, alteration, destruction, or other infringement, and establish cyber security management specifications.
2. This policy will ensure the confidentiality, integrity and availability of the company's business information and system.

Confidentiality: It ensures that only authorized personnel can use the information.

Integrity: It ensures that the information used is correct and has not been doctored.

Availability: It ensures that authorized personnel have access to the required information.

### 5.6.2 Cyber Security Policy Objectives

1. 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.
2. 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.
3. 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.
4. We aim to enhance the level and mechanism of cyber security equipment, improve defense capabilities, and prevent virus or intrusion and extortion events.
5. 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 Material Contract

Type	Contracting Party	Contracting Period	Desc	Restriction Clause
Leasing Agreement	Feng-Li Enterprise Inc.	2015.09.01. ~ 2022.08.31.	Leasing of Fengshan RMC Plant	None
Leasing Agreement	International Textile Co. Ltd.	2018.10.11. ~ 2021.10.10.	Leasing of Yeung Kung RMC Plant	None
Leasing Agreement	Tai-Nan Ready-mixed Concrete Inc.	2021.09.01. ~ 2026.08.31.	Leasing of Tai-Nan RMC Plant	None
Leasing Agreement	Universal Real Estate Development Inc.	2017.08.01. ~ 2022.07.31.	Leasing of office space in San-Lien Building	None
Leasing Agreement	Global Town Business Center Inc.	2019.04.01. ~ 2029.06.31.	Leasing of office space in San-Lien Building	None
Leasing Agreement	Hao-Chun Enterprise Inc.	2020.09.01 ~ 2024.08.31	Leasing of plot of Ling Feng Ying	None

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet

#### A. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years( Note 1)					2022 (As of March 31) (Note 2)
		2021	2020	2019	2018	2017	
Current assets		5,004,661	4,391,640	4,267,262	4,058,612	3,863,038	
Property, Plant and Equipment		6,890,696	6,680,071	6,180,847	6,050,677	5,902,802	
Intangible assets		8,404	8,075	7,854	8,548	8,400	
Other assets( Note 3)		13,193,061	13,023,150	12,945,970	12,458,735	11,454,968	
Total assets		25,096,822	24,102,936	23,401,933	22,576,572	21,229,208	
Current liabilities	Before distribution	4,245,043	3,795,424	3,831,854	3,435,479	2,730,633	
	After distribution	( Note 4)	4,514,394	4,485,463	4,089,088	3,449,603	
Non-current liabilities		1,467,303	1,522,159	1,467,033	1,311,820	1,343,814	
Total liabilities	Before distribution	5,712,346	5,317,583	5,298,887	4,747,299	4,074,447	
	After distribution	( Note 4)	6,036,553	5,952,496	5,400,908	4,793,417	
Shareholders' Equity attributable to the parent company		19,233,465	18,656,227	17,983,457	17,715,321	17,036,903	
Paid-in Capital		6,536,092	6,536,092	6,536,092	6,536,092	6,536,092	
Capital surplus		66,950	65,822	41,430	41,265	46,951	
Retained earnings	Before distribution	11,884,891	11,515,783	11,013,644	10,562,324	10,109,852	
	After distribution	( Note 4)	10,796,813	10,360,035	9,908,715	9,390,882	
Other equity		745,532	538,530	392,291	575,640	344,008	
Treasury stock		-	-	-	-	-	
Non-controlling interest		151,011	129,126	119,589	113,952	117,858	
Total equity	Before distribution	19,384,476	18,785,353	18,103,046	17,829,273	17,154,761	
	After distribution	( Note 4)	18,066,383	17,449,437	17,175,664	16,435,791	

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, 2022 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 other non-current assets.

Note 4: The proposal on 2021 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	2020	2019	2018	2017
Current assets		4,025,665	3,496,309	3,474,856	3,285,678	3,120,241
Property, Plant and Equipment		6,629,770	6,414,931	5,920,949	5,474,006	5,324,620
Intangible assets		8,051	7,611	7,452	7,873	7,604
Other assets( Note 2)		13,591,503	13,110,276	13,020,770	13,011,495	12,047,983
Total assets		24,254,989	23,029,127	22,424,027	21,779,052	20,500,448
Current liabilities	Before distribution	3,860,294	3,198,586	3,240,529	2,853,848	2,224,308
	After distribution	( Note 3)	3,917,556	3,894,138	3,507,457	2,943,278
Non-current liabilities		1,161,230	1,174,314	1,200,041	1,209,883	1,239,237
Total liabilities	Before distribution	5,021,524	4,372,900	4,440,570	4,063,731	3,463,545
	After distribution	( Note 3)	5,091,870	5,094,179	4,717,340	4,182,515
Paid-in capital		6,536,092	6,536,092	6,536,092	6,536,092	6,536,092
Capital surplus		66,950	65,822	41,430	41,265	46,951
Retained earnings	Before distribution	11,884,891	11,515,783	11,013,644	10,562,324	10,109,852
	After distribution	( Note 3)	10,796,813	10,360,035	9,908,715	9,390,882
Other equity		745,532	538,530	392,291	575,640	344,008
Treasury stock		-	-	-	-	-
Total equity	Before distribution	19,233,465	18,656,227	17,983,457	17,715,321	17,036,903
	After distribution	( Note 3)	17,937,257	17,329,848	17,061,712	16,317,933

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

Note 2: Including financial assets at fair value through other comprehensive income - non-current, financial assets at amortized cost - non-current, investments accounted for using equity method, right - of - use assets, investment properties, deferred tax assets, prepayments for equipment and other non-current assets.

Note 3: The proposal on 2021 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)					2022 (As of March 31) (Note 2)
	2021	2020	2019	2018	2017	
Operating revenue	6,079,107	5,426,217	5,005,731	4,780,994	4,405,376	
Gross profit	1,131,817	907,031	586,765	571,082	537,908	
Profit /loss from operations	710,202	493,142	170,895	182,646	150,227	
Non-operating income and expenses	530,060	804,372	1,027,783	945,220	1,274,987	
Profit before tax	1,240,262	1,297,514	1,198,678	1,127,866	1,425,214	
Net profit from continuing operation	1,114,226	1,259,795	1,141,682	1,051,568	1,389,535	
Loss of discontinued operations	-	-	-	-	-	
Net profit	1,114,226	1,259,795	1,141,682	1,051,568	1,389,535	
Other comprehensive income/loss (net amount after tax)	206,946	79,230	(183,256)	(335,953)	121,925	
Total comprehensive income/loss	1,321,172	1,339,025	958,426	715,615	1,511,460	
Net profit attributable to owners of parent company	1,088,078	1,247,252	1,135,477	1,057,293	1,411,666	
Net profit attributable to non-controlling interests	26,148	12,543	6,205	(5,725)	(22,131)	
Total comprehensive income/loss attributable to owners of parent company	1,295,080	1,326,470	952,128	721,035	1,533,947	
Total comprehensive income/loss attributable to non-controlling interest	26,092	12,555	6,298	(5,420)	(22,487)	
Earnings per share	1.66	1.91	1.74	1.62	2.16	

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, 2022 has not been reviewed by accountant.

## B. Individual Condensed Statement of Comprehensive Income

Item \ Year	Financial Summary for The Last Five Years ( Note 1 )				
	2021	2020	2019	2018	2017
Operating revenue	4,826,439	4,495,516	4,149,136	3,865,046	3,518,563
Gross profit	962,604	801,903	495,207	496,833	478,624
Profit /loss from operations	629,650	469,884	158,345	236,966	235,915
Non-operating income and expenses	571,451	811,505	1,029,563	897,534	1,209,175
Profit before tax	1,201,101	1,281,389	1,187,908	1,134,500	1,445,090
Net profit from continuing operations	1,088,078	1,247,252	1,135,477	1,057,293	1,411,666
Loss of discontinued operations	-	-	-	-	-
Net profit	1,088,078	1,247,252	1,135,477	1,057,293	1,411,666
Other comprehensive income/loss (net amount after tax)	207,002	79,218	(183,349)	(336,258)	122,281
Total comprehensive income/loss	1,295,080	1,326,470	952,128	721,035	1,533,947
Earnings per share	1.66	1.91	1.74	1.62	2.16

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

### 6.1.3 Auditors' Opinions from 2017 to 2021

Year	CPA	Audit Opinion	Accounting Firm
2017	Hung Ju Liao 、 Chao Chin Yang	Unmodified opinion with the Other Matter paragraph	Deloitte & Touche
2018	Hung Ju Liao 、 Chao Chin Yang	Unmodified opinion	Deloitte & Touche
2019	Hung Ju Liao 、 Chao Chin Yang	Unmodified opinion	Deloitte & Touche
2020	Chao Chin Yang 、 Lee Yuan Kuo	Unmodified opinion	Deloitte & Touche
2021	Chi Chen Lee 、 Chao Chin Yang	Unmodified opinion	Deloitte & Touche

## 6.2 Five-Year Financial Analysis

### A. Consolidated Financial Analysis

Item		Financial Analysis for the Last Five Years ( Note 1)					2022 (As of March 31) Note 2
		2021	2020	2019	2018	2017	
Financial structure (%)	Liabilities to assets ratio	22.76	22.06	22.64	21.03	19.19	
	Long-term capital to property, plant and equipment ratio	302.60	304.00	316.62	316.35	313.38	
Solvency	Current ratio (%)	117.89	115.70	111.36	118.14	141.47	
	Quick ratio (%)	110.32	106.75	103.58	108.91	126.04	
	Interest coverage ratio (times)	43.34	42.32	37.42	52.87	81.14	
Operations	Accounts receivable turnover (times)	3.93	4.00	3.98	4.24	4.20	
	Average collection cycle	92.87	91.25	91.70	86	87	
	Inventory turnover (times)	17.02	16.50	15.83	14.10	12.62	
	Accounts payable turnover (times)	7.00	6.80	6.60	6.91	6.84	
	Average days in sales	21.44	22.12	23	26	29	
	Property, plant and equipment turnover (times)	0.89	0.84	0.81	0.80	0.75	
	Total assets turnover (times)	0.24	0.22	0.21	0.22	0.21	
Profitability	Return on assets (%) (ROA)	4.63	5.43	5.10	4.89	6.77	
	Return on equity (%) (ROE)	5.83	6.83	6.35	6.01	8.28	
	Net income before tax as a percentage of paid-in capital (%)	18.97	19.85	18.33	17.26	21.80	
	Net profit rate (%)	18.32	23.21	22.80	21.99	31.54	
	EPS (NT\$)	Before retrospective	1.66	1.91	1.74	1.62	2.16
After retrospective		1.66	1.91	1.74	1.62	2.16	
Cash flow	Cash flow ratio (%)	32.56	26.72	19.56	17.54	23.67	
	Cash flow adequacy ratio (%)	93.99	77.47	69.43	69.41	71.34	
	Cash reinvestment ratio (%)	3.01	1.26	0.42	(0.23)	(0.33)	
Leverage	Operating leverage	1.71	1.90	3.53	3.08	3.68	
	Financial leverage	1.04	1.06	1.23	1.14	1.13	

Analysis of financial ratio differences for the last two years:

1. Decrease in Net Margin: Mainly because of the increase in the net sales be caused net profit after tax a slight decrease in 2021.
2. Increase in Cash Flow Ratio and Cash Flow Adequacy Ratio: Mainly because of the increase in the inflow of net cash from the operating activities in 2021.
3. Increase in Cash Reinvestment Ratio: Mainly because of the increase in the inflow of net cash from the operating activities and decrease in dividend distribution by cash in 2021.

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, 2022 has not been reviewed by accountant.



## B. Individual Financial Analysis

Item		Year		Financial Analysis for the Last Five Years ( Note 1)				
		2021	2020	2019	2018	2017		
Financial structure (%)	Liabilities to assets ratio	20.70	18.98	19.80	18.66	16.89		
	Long-term capital to property, plant and equipment ratio	307.62	309.13	323.99	345.73	343.24		
Solvency	Current ratio (%)	104.28	109.30	107.23	115.13	140.28		
	Quick ratio (%)	96.86	99.97	99.63	106.55	128.19		
	Interest coverage ratio (times)	58.36	56.61	54.19	67.65	103.62		
Operations	Accounts receivable turnover (times)	3.64	3.87	3.89	4.25	4.22		
	Average collection cycle	100	94	94	86	86		
	Inventory turnover (times)	15.04	15.84	16.31	14.28	12.77		
	Accounts payable turnover (times)	6.74	7.20	7.22	7.60	7.52		
	Average days in sales	24	23	22	26	29		
	Property, plant and equipment turnover (times)	0.73	0.72	0.72	0.72	0.67		
	Total assets turnover (times)	0.20	0.19	0.18	0.18	0.18		
Profitability	Return on assets (%) (ROA)	4.68	5.58	5.23	5.08	7.10		
	Return on equity (%) (ROE)	5.74	6.80	6.36	6.08	8.48		
	Net income before tax as a percentage of paid-in capital (%)	18.37	19.60	18.17	17.36	22.11		
	Net profit rate (%)	22.54	27.74	27.36	27.36	40.12		
	EPS (NT\$)	Before retrospective	1.66	1.91	1.74	1.62	2.16	
		After retrospective	1.66	1.91	1.74	1.62	2.16	
Cash flow	Cash flow ratio (%)	32.77	29.02	21.53	20.90	33.19		
	Cash flow adequacy ratio (%)	90.99	74.83	69.40	69.92	70.74		
	Cash reinvestment ratio (%)	2.4	0.91	0.20	(0.26)	(0.09)		
Leverage	Operating leverage	1.56	1.67	2.96	2.00	1.96		
	Financial leverage	1.03	1.05	1.16	1.08	1.06		
<p>Analysis of financial ratio differences for the last two years:</p> <ol style="list-style-type: none"> <li>Increase in Cash Flow Adequacy Ratio: Mainly because of the increase in the inflow of net cash from the operating activities in 2021.</li> <li>Increase in Cash Reinvestment Ratio: Mainly because of the increase in the inflow of net cash from the operating activities and decrease in dividend distribution by cash in 2021.</li> </ol>								

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. 28, 2022

The Board of Directors of Universal Cement Corporation has submitted financial statements and consolidated financial statements, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is stated as follows:

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, 2021 and 2020 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, 2021 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 28, 2022

Notice to Readers

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

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



## Universal Cement Corporation and Subsidiaries

### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 292,032	1	\$ 294,665	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	90,366	1	478	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,549,259	10	2,253,316	10
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	80,537	-	75,457	-
Contract assets - current (Notes 4 and 24)	2,625	-	5,718	-
Contract assets from related parties - current (Notes 4, 24 and 32)	4,437	-	7,955	-
Notes receivable (Notes 4,11 and 24)	450,089	2	464,831	2
Net Accounts receivable (Notes 4,11 and 24)	1,177,212	5	895,947	4
Accounts receivable from related parties (Notes 4,11,24 and 32)	34,164	-	52,251	-
Other receivables (Notes 4)	2,473	-	1,309	-
Current tax assets (Notes 4 and 26)	-	-	31	-
Inventories (Notes 4 and 12)	297,842	1	283,445	1
Prepayments	18,910	-	48,563	-
Other current assets	4,715	-	7,674	-
Total current assets	<u>5,004,661</u>	<u>20</u>	<u>4,391,640</u>	<u>18</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss – non-current (Notes 4 and 7)	22,022	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,999,074	8	1,499,279	6
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 33)	17,148	-	41,797	-
Investments accounted for using equity method (Notes 4 and 14)	9,892,845	39	10,077,521	42
Property, plant and equipment (Notes 4 and 15)	6,890,696	28	6,680,071	28
Right - of - use assets (Notes 4 and 16)	281,342	1	308,924	1
Investment properties (Notes 4 and 17)	935,834	4	444,858	2
Other intangible assets (Notes 4 and 18)	8,404	-	8,075	-
Deferred tax assets (Notes 4 and 26)	20,690	-	8,245	-
Prepayments for equipment	24,106	-	642,147	3
Other non-current assets	-	-	379	-
Total non-current assets	<u>20,092,161</u>	<u>80</u>	<u>19,711,296</u>	<u>82</u>
<b>TOTAL</b>	<u>\$ 25,096,822</u>	<u>100</u>	<u>\$ 24,102,936</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 19)	\$ 1,780,000	7	\$ 1,467,000	6
Short-term bills payable (Note 19)	1,224,036	5	1,231,875	5
Contract liabilities - current (Notes 4 and 24)	10,275	-	4,457	-
Notes payable (Note 20)	69,270	-	132,997	1
Accounts Payable (Note 20)	638,543	3	494,546	2
Accounts Payable to related parties (Notes 20 and 32)	32,168	-	45,801	-
Other payables (Note 21)	296,404	1	294,528	1
Current tax liabilities (Notes 26)	119,517	1	48,156	-
Lease liabilities - current (Notes 4, 16 and 32)	54,192	-	56,039	1
Other current liabilities (Note 21)	20,638	-	20,025	-
Total current liabilities	<u>4,245,043</u>	<u>17</u>	<u>3,795,424</u>	<u>16</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 26)	1,187,811	5	1,188,219	5
Lease liabilities - non-current (Notes 4, 16 and 32)	233,167	1	259,001	1
Net defined benefit liabilities - non-current (Notes 4 and 22)	35,041	-	64,050	-
Guarantee deposits	11,284	-	10,889	-
Total non-current liabilities	<u>1,467,303</u>	<u>6</u>	<u>1,522,159</u>	<u>6</u>
Total liabilities	<u>5,712,346</u>	<u>23</u>	<u>5,317,583</u>	<u>22</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>				
Capital stock - common stock	6,536,092	26	6,536,092	27
Capital surplus	66,950	-	65,822	-
Retained earnings				
Legal reserve	2,607,075	11	2,491,500	11
Special reserve	3,185,793	13	3,185,793	13
Unappropriated earnings	6,092,023	24	5,838,490	24
Total retained earnings	<u>11,884,891</u>	<u>48</u>	<u>11,515,783</u>	<u>48</u>
Other equity	745,532	3	538,530	2
Total equity attributable to owners of the Company	19,233,465	77	18,656,227	77
<b>NON - CONTROLLING INTERESTS</b>				
	151,011	-	129,126	1
Total equity	<u>19,384,476</u>	<u>77</u>	<u>18,785,353</u>	<u>78</u>
<b>TOTAL</b>	<u>\$ 25,096,822</u>	<u>100</u>	<u>\$ 24,102,936</u>	<u>100</u>

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 6,079,107	100	\$ 5,426,217	100
OPERATING COSTS (Notes 12, 22 and 32)	<u>4,947,290</u>	<u>82</u>	<u>4,519,186</u>	<u>83</u>
GROSS PROFIT	<u>1,131,817</u>	<u>18</u>	<u>907,031</u>	<u>17</u>
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	84,347	2	101,731	2
General and administrative expenses	261,793	4	241,974	5
Research and development expenses	78,683	1	69,195	1
Expected credit loss (gain)	<u>(3,208)</u>	<u>-</u>	<u>989</u>	<u>-</u>
Total operating expenses	<u>421,615</u>	<u>7</u>	<u>413,889</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>710,202</u>	<u>11</u>	<u>493,142</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES(Notes 14, 25 and 32)				
Interest income	1,109	-	1,361	-
Other income	207,695	3	226,721	4
Other gains and losses	(22,352)	-	(100,096)	(2)
Interest expenses	(29,292)	-	(31,401)	-
Share of profit or loss of associates	<u>372,900</u>	<u>6</u>	<u>707,787</u>	<u>13</u>
Total non-operating income and expenses	<u>530,060</u>	<u>9</u>	<u>804,372</u>	<u>15</u>
PROFIT BEFORE INCOME TAX	1,240,262	20	1,297,514	24
INCOME TAX EXPENSE (Notes 4 and 26)	<u>126,036</u>	<u>2</u>	<u>37,719</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,114,226</u>	<u>18</u>	<u>1,259,795</u>	<u>23</u>
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	9,967	1	(7,666)	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	243,289	4	(27,180)	-

Share of the other comprehensive income or loss of associates accounted for using the equity method	6,884	-	(1,595)	-
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## Universal Cement Corporation and Subsidiaries

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 351	-	\$ 1,533	-
	<u>260,491</u>	<u>5</u>	<u>(34,908)</u>	<u>-</u>
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	(53,545)	(1)	114,138	2
	<u>(53,545)</u>	<u>(1)</u>	<u>114,138</u>	<u>2</u>
Other comprehensive income for the year, net of income tax	<u>206,946</u>	<u>4</u>	<u>79,230</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,321,172</u>	<u>22</u>	<u>\$ 1,339,025</u>	<u>25</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,088,078	18	\$ 1,247,252	23
Non-controlling interests	<u>26,148</u>	<u>-</u>	<u>12,543</u>	<u>-</u>
	<u>\$ 1,114,226</u>	<u>18</u>	<u>\$ 1,259,795</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,295,080	21	\$ 1,326,470	25
Non-controlling interests	<u>26,092</u>	<u>1</u>	<u>12,555</u>	<u>-</u>
	<u>\$ 1,321,172</u>	<u>22</u>	<u>\$ 1,339,025</u>	<u>25</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ 1.66		\$ 1.91	
Diluted	\$ 1.66		\$ 1.90	

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												Non-controlling Interests	Total Equity
	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			
BALANCE AT JANUARY 1, 2020	\$ 6,536,092	\$ 41,430	\$ 2,377,952	\$ 3,185,793	\$ 5,449,899	( \$ 1,006,436 )	\$ 1,342,691	\$ 56,036	\$ -	\$ 392,291	\$ 17,983,457	\$ 119,589	\$ 18,103,046	
Appropriation of 2019 earnings (Note 23)														
Legal reserve	-	-	113,548	-	( 113,548 )	-	-	-	-	-	-	-	-	
Cash dividends distributed by the Company - NT\$ 1 per share	-	-	-	-	( 653,609 )	-	-	-	-	-	( 653,609 )	-	( 653,609 )	
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries ( Note 28)	-	418	-	-	-	-	-	-	-	-	418	( 2,238 )	( 1,820 )	
Changes in recognition of associates accounted for using equity method	-	1,491	-	-	( 7,266 )	-	-	-	( 17,217 )	( 17,217 )	( 22,992 )	-	( 22,992 )	
Overdue dividends not collected by shareholders	-	22,483	-	-	-	-	-	-	-	-	22,483	-	22,483	
Net profit for the year ended December 31, 2020	-	-	-	-	1,247,252	-	-	-	-	-	1,247,252	12,543	1,259,795	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	114,138	( 29,936 )	( 4,984 )	-	79,218	79,218	12	79,230	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,247,252	114,138	( 29,936 )	( 4,984 )	-	79,218	1,326,470	12,555	1,339,025	
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	( 780 )	( 780 )	
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 8 and 23)	-	-	-	-	( 84,238 )	-	84,238	-	-	84,238	-	-	-	
BALANCE AT DECEMBER 31, 2020	6,536,092	65,822	2,491,500	3,185,793	5,838,490	( 892,298 )	1,396,993	51,052	( 17,217 )	538,530	18,656,227	129,126	18,785,353	
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 28)	-	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	

(Continued)

## Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests	Total Equity	
	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		
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	<u>\$ 6,536,092</u>	<u>\$ 66,950</u>	<u>\$ 2,607,075</u>	<u>\$ 3,185,793</u>	<u>\$ 6,092,023</u>	<u>( \$ 945,843 )</u>	<u>\$ 1,638,872</u>	<u>\$ 69,720</u>	<u>( \$ 17,217 )</u>	<u>\$ 745,532</u>	<u>\$ 19,233,465</u>	<u>\$ 151,011</u>	<u>\$ 19,384,476</u>

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 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,240,262	\$ 1,297,514
Adjustments for:		
Depreciation expenses	173,235	135,260
Amortization expenses	3,183	1,800
Expected credit loss (gain) recognized	(3,208)	989
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	4,201	23
Interest expenses	29,292	31,401
Interest income	(1,109)	(1,361)
Dividend income	(160,502)	(172,561)
Share of profit of associates	(372,900)	(707,787)
Loss (Gain) on disposal of property, plant and equipment net	17	(760)
Gain on disposal of investment properties	-	(8,579)
Gain on disposal of other intangible assets	(2,989)	-
Inventory write-downs	272	443
Impairment losses on assets	-	103,012
Gain on lease modification	-	(3)
Changes in operating assets and liabilities		
Contract assets (Including related parties)	8,234	3,101
Notes receivable	14,742	(46,691)
Accounts receivable (Including related parties)	(261,593)	(89,219)
Other receivables	(1,164)	471
Inventories	(14,669)	(19,718)
Prepayments	29,653	(26,630)
Other current assets	2,959	4,246
Contract liabilities	5,818	(2,911)
Notes payable (Including related parties)	(63,727)	7,714
Accounts payable (Including related parties)	130,364	11,287
Other payables	7,284	37,114
Other current liabilities	613	(9,015)
Net defined benefit liability	(19,042)	(26,544)
Cash generated from operations	749,226	522,596
Interest received	1,109	1,385
Dividends received	699,022	532,834
Income tax paid	(67,146)	(42,636)
Net cash generated from operating activities	<u>1,382,211</u>	<u>1,014,179</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of financial assets at fair value through other comprehensive income	(552,449)	(50,446)

Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	21,039
Increase in financial assets at amortized cost	(5,726)	(14,866)

(Continued)

## Universal Cement Corporation and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Decrease in financial assets at amortized cost	\$ 25,295	\$ 39,512
Acquisitions of financial assets at fair value through profit or loss	(176,719)	-
Refunds from financial assets at fair value through profit or loss	60,608	877
Acquisitions of investments accounted for using equity method	(27,000)	-
Payments for property, plant and equipment	(203,984)	(168,830)
Refunds from disposal of property, plant and equipment	10	786
Payments for intangible assets	(3,523)	(2,021)
Refunds from disposal of intangible assets	3,000	-
Payments for investment properties	(210)	-
Refunds from disposal of investment properties	-	28,364
Decrease in other non-current assets	379	-
Net cash used in investing activities	<u>(880,319)</u>	<u>(145,585)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	313,000	185,000
Repayments from short-term bills payable	(8,000)	(272,000)
Proceeds from guarantee deposits received	655	200
Refund of guarantee deposits received	(260)	(680)
Repayment of the principal portion of lease liabilities	(59,836)	(49,533)
Dividends paid to owners of the Company	(718,970)	(653,613)
Acquisitions of non-controlling interests	(1,490)	(1,820)
Interest Paid	(27,434)	(31,345)
Dividends paid to non-controlling interests	(2,190)	(780)
Net cash used in financing activities	<u>(504,525)</u>	<u>(824,571)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,633)</b>	<b>44,023</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>294,665</u></b>	<b><u>250,642</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 292,032</u></b>	<b><u>\$ 294,665</u></b>

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 28, 2022.

### 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 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1 : The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will



be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2 : The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3 : The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4 : The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on 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
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, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2 : The amendments apply to the annual reporting period starting after January 1, 2023 in extension.

Note 3 : The amendments apply to changes in accounting estimates and changes in accounting policies that occurred during the annual reporting period starting after January 1, 2023.

Note 4 : Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investment in associates

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

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

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

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

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

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

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

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

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

#### h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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.

j. Intangible assets

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

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

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

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

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

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

## 1. 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.

m. Revenue recognition

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

Revenue from the sale of goods

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

n. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to

the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

The Group determines its current income (loss) according to the regulations established by the

jurisdictions of the tax return to calculate its income tax payable (recoverable).

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

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

## 2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences 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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 414	\$ 520
Checking accounts and demand deposits	239,618	237,245
Cash equivalent (investments with original maturities less than 3 months)		
Time deposits	<u>52,000</u>	<u>56,900</u>
	<u>\$ 292,032</u>	<u>\$ 294,665</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Financial assets mandatorily classified as at FVTPL-Current		
Non-derivative financial assets		
Domestic Listed shares and emerging market shares	\$ 89,895	\$ -
Mutual funds	<u>471</u>	<u>478</u>
	<u>\$ 90,336</u>	<u>\$ 478</u>
Financial assets mandatorily classified as at FVTPL-Non-current		
Non-derivative financial assets		
Limited Partnership	<u>\$ 22,022</u>	<u>\$ -</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Investments in equity instruments at FVTOCI - Current</u>		
Domestic investments		
Listed shares and emerging market shares	<u>\$ 2,549,259</u>	<u>\$ 2,253,316</u>
<u>Investments in equity instruments at FVTOCI - Non-current</u>		
Domestic investments		
Listed OTC Private Equity	\$ 458,700	\$ -
Unlisted shares	<u>1,540,374</u>	<u>1,499,279</u>
	<u>\$ 1,999,074</u>	<u>\$ 1,499,279</u>

These investments in equity instruments are held for medium to strategic purposes. Accordingly, the

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

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Time deposits with original maturity of more than 3 months		
(a)	\$ 75,390	\$ 75,390
Pledged time deposits (a)	<u>5,147</u>	<u>67</u>
	<u>\$ 80,537</u>	<u>\$ 75,457</u>
<u>Non-current</u>		
Pledged time deposits (a)	\$ 10,215	\$ 35,864
Refundable deposits	<u>6,933</u>	<u>5,933</u>
	<u>\$ 17,148</u>	<u>\$ 41,797</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.09%-0.815% and 0.09%-0.815% per annum as of December 31, 2021 and 2020, 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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Financial assets at amortized cost - current	\$ 80,537	\$ 75,457
Financial assets at amortized cost - non-current	<u>17,148</u>	<u>41,797</u>
	<u>\$ 97,685</u>	<u>\$ 117,254</u>

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, 2021 and 2020, no expected credit losses have been recognized in financial assets measured at amortized cost.

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 449,757	\$ 462,720
Notes receivable - non-operating	<u>332</u>	<u>2,111</u>
	<u>\$ 450,089</u>	<u>\$ 464,831</u>
<u>Accounts receivable (Including related parties)</u>		
At amortized cost		
	\$ 1,216,500	\$ 957,906
Less: Allowance for impairment loss	<u>5,124</u>	<u>9,708</u>
	<u>\$ 1,211,376</u>	<u>\$ 948,198</u>

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

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

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

#### Notes receivable

The Group analyzed notes receivable was not past due based on past due status, and the Group did not recognize an expected credit loss for notes receivable as of December 31, 2021 and 2020.

Accounts receivable (Including related parties)

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

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	<u>\$ 877,014</u>	<u>\$ 193,173</u>	<u>\$ 88,276</u>	<u>\$ 45,453</u>	<u>\$ 5,059</u>	<u>\$ 2,401</u>	<u>\$ -</u>	<u>\$1,211,376</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>		<u>\$</u>	
		=	=	=	=		=	

December 31, 2020

	Less than 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.03% ~ 7.91%	0.09 ~ 0.44%	0.29% ~ 0.67%	1.13% ~ 1.33%	2.99% ~ 6.54%	11.28% ~ 17.39%	100%	
Gross carrying amount	\$ 732,181	\$ 129,885	\$ 62,193	\$ 18,612	\$ 6,499	\$ 1,982	\$ 6,554	\$ 957,906
Loss allowance (Lifetime ECL)	(1,502)	(209)	(215)	(230)	(377)	(621)	(6,554)	(9,708)
Amortized cost	<u>\$ 730,679</u>	<u>\$ 129,676</u>	<u>\$ 61,978</u>	<u>\$ 18,382</u>	<u>\$ 6,122</u>	<u>\$ 1,361</u>	<u>\$ -</u>	<u>\$ 948,198</u>

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

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
Less: Net remeasurement of loss allowance	(1,623)	(1,585)	(3,208)
		(	1
		,	6
		2	3
		)	
Less: Amounts written off	<u>-</u>	<u>(2,999)</u>	<u>(2,999)</u>



Balance at December 31, 2021	\$ <u>1,746</u>	\$ <u>5,124</u>	\$ <u>6,870</u>
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December 31, 2020

	<b>Contract Asset (Including related parties)</b>	<b>Accounts Receivable (Including related parties)</b>	<b>Total</b>
Balance at January 1, 2020	\$ 3,898	\$ 8,190	\$ 12,088
Add: Net remeasurement of loss allowance	<u>(529)</u>	<u>1,518</u>	<u>989</u>
Balance at December 31, 2020	\$ <u>3,369</u>	\$ <u>9,708</u>	\$ <u>13,077</u>

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Merchandise	\$ 9,608	\$ 19,071
Finished goods	82,971	74,625
Work in process	10,037	10,531
Raw materials and supplies	<u>195,226</u>	<u>179,218</u>
	\$ <u>297,842</u>	\$ <u>283,445</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$ 4,947,290 thousand and \$ 4,519,186 thousand, respectively.

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Nature of Activities	<b>Proportion of Ownership</b>		Remark
			<b>2021</b>	<b>2020</b>	
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	57.19	Note
"	Uneco 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	-
Universal Investment Corporation	Universal Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete and gravel	0.87	0.87	-
"	Chiayi Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete	0.01	0.01	-
"	Huanchung Cement International Corporation	Manufacturing, marketing, importing and exporting of cement and cement clinker	0.01	0.01	-

Note : The company obtained 124 thousand shares and 165 thousand shares held by the minority

shareholders of Universal Concrete Industrial Corporation from June to August 2021 and October 2020, respectively, resulting in an increase in the shareholding ratio.

#### 14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Material associate		
Lioho Machine Works Ltd.	\$ 9,810,902	\$ 10,023,552
Associates that are not individually material		
Tainan Concrete Industrial Corporation	<u>81,943</u>	<u>53,969</u>
	<u>\$ 9,892,845</u>	<u>\$ 10,077,521</u>

a. Material associates

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Equity	<u>\$ 32,856,494</u>	<u>\$ 33,568,622</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	<u>\$ 7,518,260</u>	<u>\$ 4,505,629</u>
Net profit for the year	<u>\$ 1,240,141</u>	<u>\$ 2,367,104</u>
Other comprehensive gain	<u>\$ (154,295)</u>	<u>\$ 378,456</u>
Dividends received from Lioho Machine Works Ltd.	<u>\$ 537,489</u>	<u>\$ 358,326</u>

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 4,692,446	\$ 1,638,183	\$ 3,346,677	\$ 544,029	\$ 748,423	\$ 564,611	\$11,534,369
Additions	-	42,127	66,683	31,013	33,092	5,299	178,214
Disposals	-	(380)	(8,550)	(14,260)	(22,941)	-	(46,131)
Reclassification from investment properties	404,481	11,853	-	-	-	-	416,334
Balance at December 31, 2020	<u>\$ 5,096,927</u>	<u>\$ 1,691,783</u>	<u>\$ 3,404,810</u>	<u>\$ 560,782</u>	<u>\$ 758,574</u>	<u>\$ 569,910</u>	<u>\$12,082,786</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2020	\$ -	\$ 1,116,578	\$ 3,190,811	\$ 482,891	\$ 563,242	\$ -	\$ 5,353,522
Depreciation expense	-	21,633	30,847	14,365	16,349	-	83,194
Disposals	-	(380)	(8,548)	(14,236)	(22,941)	-	(46,105)
Reclassification from investment properties	-	12,097	-	-	-	-	12,097
Impairment	-	-	-	-	7	-	7
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,149,928</u>	<u>\$ 3,213,110</u>	<u>\$ 483,020</u>	<u>\$ 556,657</u>	<u>\$ -</u>	<u>\$ 5,402,715</u>
Carrying amounts at December 31, 2020	<u>\$ 5,096,927</u>	<u>\$ 541,855</u>	<u>\$ 191,700</u>	<u>\$ 77,762</u>	<u>\$ 201,917</u>	<u>\$ 569,910</u>	<u>\$ 6,680,071</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 5,096,927	\$ 1,691,783	\$ 3,404,810	\$ 560,782	\$ 758,574	\$ 569,910	\$12,082,786
Additions	-	359,503	67,043	111,831	27,159	249,380	814,916
Disposals	-	(39)	(6,340)	(5,812)	(10,378)	-	(22,569)
Reclassification to investment properties	(491,945)	-	-	-	-	-	(491,945)
Balance at December 31, 2021	<u>\$ 4,604,982</u>	<u>\$ 2,051,247</u>	<u>\$ 3,465,513</u>	<u>\$ 666,801</u>	<u>\$ 775,355</u>	<u>\$ 819,290</u>	<u>\$12,383,188</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 1,149,928	\$ 3,213,110	\$ 483,020	\$ 556,657	\$ -	\$ 5,402,715
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	<u>\$ -</u>	<u>\$ 1,174,173</u>	<u>\$ 3,243,601</u>	<u>\$ 508,339</u>	<u>\$ 566,379</u>	<u>\$ -</u>	<u>\$ 5,492,492</u>
Carrying amounts at December 31, 2021	<u>\$ 4,604,982</u>	<u>\$ 877,074</u>	<u>\$ 221,912</u>	<u>\$ 158,462</u>	<u>\$ 208,976</u>	<u>\$ 819,290</u>	<u>\$ 6,890,696</u>

Partial equipment of the Group's building material segment is idle. According to the assessment, the future recoverable amount is less than its carrying amount; therefore, the Group recognized an impairment loss of \$103,012 thousand under non-operating expenses during 2020.

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

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

Buildings	
Main buildings	20-60 years
Outbuildings and construction	4-16 years
Engineering systems	9-16 years
Machinery and equipment	2-21 years
Transportation equipment	2-7 years
Other equipment	2-20 years

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amounts</u>		
Land	\$ 3,001	\$ 3,089
Buildings	269,633	297,251
Machinery	<u>8,708</u>	<u>8,584</u>
	<u>\$ 281,342</u>	<u>\$ 308,924</u>
<b>For the Year Ended December 31</b>		
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 32,251</u>	<u>\$ 134,385</u>
Depreciation charge for right-of-use assets		
Land	\$ 806	\$ 847
Buildings	55,199	46,334
Machinery	<u>3,732</u>	<u>3,603</u>
	<u>\$ 59,737</u>	<u>\$ 50,784</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amounts</u>		
Current	<u>\$ 54,192</u>	<u>\$ 56,039</u>
Non-current	<u>\$ 233,167</u>	<u>\$ 259,001</u>

Ranges of discount rates for lease liabilities were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	1.422% - 1.71%	1.422% - 1.71%
Buildings	0.9% - 1.71%	0.9% - 1.71%
Machinery	0.9% - 1.42%	0.9% - 1.42%

### c. Material lease-in activities and terms

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

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	\$ 3,812	\$ 2,280
Expenses relating to low-value assets leases	\$ 430	\$ 430
Total cash outflow for leases	<u>\$ 68,332</u>	<u>\$ 55,878</u>

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**

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

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 495,413	\$ 169,977	\$ 665,390
Additions	210	-	210
Reclassification from property, plant and equipment	491,945	-	491,945
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Balance at December 31, 2021	<u>\$ 987,568</u>	<u>\$ 169,977</u>	<u>\$ 1,157,545</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 80,167	\$ 140,365	\$ 220,532
Depreciation expense	<u>-</u>	<u>1,179</u>	<u>1,179</u>
Balance at December 31, 2021	<u>\$ 80,167</u>	<u>\$ 141,544</u>	<u>\$ 221,711</u>
Carrying amounts at December 31, 2021	<u>\$ 907,401</u>	<u>\$ 28,433</u>	<u>\$ 935,844</u>

As of December 31, 2021 and 2020, the Group has not yet completed the property registration of the land amounting to \$113,000 thousand and \$112,790 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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value	<u>\$ 2,663,299</u>	<u>\$ 2,158,644</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Year 1	\$ 22,700	\$ 24,040
Year 2	17,550	15,816
Year 3	14,465	7,090
Year 4	12,592	4,649
Year 5	9,689	4,560
Year 5 onwards	<u>16,923</u>	<u>2,280</u>
	<u>\$</u>	
	<u>93,919</u>	<u>\$ 58,435</u>

## 18. OTHER INTANGIBLE ASSETS

	Patents	Licenses and Franchises	Trademarks	Computer Software	Total
<u>Cost</u>					
Balance at January 1, 2020	\$ 7,983	\$ 5,000	\$ 20	\$ 4,858	\$ 17,861
Additions	<u>407</u>	<u>-</u>	<u>-</u>	<u>1,614</u>	<u>2,021</u>
Balance at December 31, 2020	<u>\$ 8,390</u>	<u>\$ 5,000</u>	<u>\$ 20</u>	<u>\$ 6,472</u>	<u>\$ 19,882</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2020	\$ 3,793	\$ 2,632	\$ 7	\$ 3,575	\$ 10,007
Amortization expense	<u>626</u>	<u>237</u>	<u>2</u>	<u>935</u>	<u>1,800</u>
Balance at December 31, 2020	<u>\$ 4,419</u>	<u>\$ 2,869</u>	<u>\$ 9</u>	<u>\$ 4,510</u>	<u>\$ 11,807</u>
Carrying amounts at December 31, 2020	<u>\$ 3,971</u>	<u>\$ 2,131</u>	<u>\$ 11</u>	<u>\$ 1,962</u>	<u>\$ 8,075</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 8,390	\$ 5,000	\$ 20	\$ 6,472	\$ 19,882
Additions	288	773	-	2,462	3,523
Disposals	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
Balance at December 31, 2021	<u>\$ 8,678</u>	<u>\$ 5,762</u>	<u>\$ 20</u>	<u>\$ 8,934</u>	<u>\$ 23,394</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2021	\$ 4,419	\$ 2,869	\$ 9	\$ 4,510	\$ 11,807
Amortization expense	<u>682</u>	<u>999</u>	<u>2</u>	<u>1,500</u>	<u>3,183</u>
Balance at December 31, 2021	<u>\$ 5,101</u>	<u>\$ 3,868</u>	<u>\$ 11</u>	<u>\$ 6,010</u>	<u>\$ 14,990</u>
Carrying amounts at December 31, 2021	<u>\$ 3,577</u>	<u>\$ 1,894</u>	<u>\$ 9</u>	<u>\$ 2,924</u>	<u>\$ 8,404</u>

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

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

## 19. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 1,780,000</u>	<u>\$ 1,467,000</u>

The range of interest rates was 0.82% - 0.85% and 0.85% - 1.38% per annum as of December 31, 2021 and 2020.



b. Short-term bills payable

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Commercial papers	\$ 1,225,000	\$ 1,233,000
Less: Unamortized discount on bills payable	<u>964</u>	<u>1,125</u>
	<u><u>\$ 1,224,036</u></u>	<u><u>\$ 1,231,875</u></u>

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
<u>December 31, 2021</u>				
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.	<u>155,000</u>	<u>246</u>	<u>154,754</u>	0.998% ~ 1.358%
	<u><u>\$ 1,225,000</u></u>	<u><u>\$ 964</u></u>	<u><u>\$ 1,224,036</u></u>	
<u>December 31, 2020</u>				
China Bills Finance Co., Ltd.	\$ 350,000	\$ 293	\$ 349,707	0.858% ~ 1.28%
International Bills Finance Co., Ltd.	338,000	217	337,783	0.888% ~ 1.358%
Taiwan Finance Co., Ltd.	240,000	158	239,842	0.858%
Ta Ching Bills Finance Co., Ltd.	200,000	156	199,844	0.888%
Mega Bills Finance Co., Ltd.	<u>105,000</u>	<u>301</u>	<u>104,699</u>	1.218% ~ 1.458%
	<u><u>\$ 1,233,000</u></u>	<u><u>\$ 1,125</u></u>	<u><u>\$ 1,231,875</u></u>	

## 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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Other payable		
Payable for salaries or bonus	\$ 115,370	\$ 107,899
Payable for taxes	25,157	18,204
Payable for remuneration to directors	22,419	23,487
Payable for remuneration to employees	21,399	23,175
Payable for freight	20,359	14,836
Payables for equipment	13,912	21,021
Payable for annual leave	12,039	11,397
Others	<u>65,749</u>	<u>74,509</u>
	<u>\$ 296,404</u>	<u>\$ 294,528</u>
Other liabilities		
Temporary receipts	\$ 19,637	\$ 19,107
Receipts in advance	340	344
Others	<u>661</u>	<u>574</u>
	<u>\$ 20,638</u>	<u>\$ 20,025</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 258,000	\$ 284,147
Fair value of plan assets	<u>(222,959)</u>	<u>(220,097)</u>
Net defined benefit liability	<u>\$ 35,041</u>	<u>\$ 64,050</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2020	\$ 279,649	\$ (196,721)	\$ 82,928
Current service cost	4,798	-	4,798
Net interest expense (income)	<u>2,237</u>	<u>(1,603)</u>	<u>634</u>
Recognized in profit or loss	<u>7,035</u>	<u>(1,603)</u>	<u>5,432</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,842)	(6,842)
Actuarial loss - changes in demographic assumptions	4,250	-	4,250
Actuarial loss - changes in financial assumptions	21,253	-	21,253
Actuarial gain - experience adjustments	<u>(10,995)</u>	<u>-</u>	<u>(10,995)</u>
Recognized in other comprehensive income	14,508	(6,842)	7,666
Contributions from the employer	-	(31,976)	(31,976)
Benefits paid	<u>(17,045)</u>	<u>17,045</u>	<u>-</u>
Balance at December 31, 2020	<u>284,147</u>	<u>(220,097)</u>	<u>64,050</u>
Current service cost	4,284	-	4,284
Net interest expense (income)	<u>995</u>	<u>(783)</u>	<u>212</u>
Recognized in profit or loss	<u>5,279</u>	<u>(783)</u>	<u>4,496</u>
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 gain - changes in financial assumptions	(17,742)	-	(17,742)
Actuarial gain - experience adjustments	<u>(2,057)</u>	<u>-</u>	<u>(2,057)</u>
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	<u>\$ 258,000</u>	<u>\$ (222,959)</u>	<u>\$ 35,041</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 2,281	\$ 2,822
Selling and marketing expenses	612	757
General and administrative expenses	1,476	1,696
Research and development expenses	<u>127</u>	<u>157</u>
	<u>\$ 4,496</u>	<u>\$ 5,432</u>

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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.75%	0.35%
Expected rate of salary increase	1.63% - 4%	1.625% - 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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.5% increase	<u>\$ (10,956)</u>	<u>\$ (11,848)</u>
0.5% decrease	<u>\$ 11,672</u>	<u>\$ 12,648</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 11,013</u>	<u>\$ 11,875</u>

0.5% decrease	\$ <u>(10,456)</u>	\$ <u>(11,254)</u>
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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.

	<u>December 31</u>	
	2021	2020
The expected contributions to the plan for the next year	\$ <u>6,926</u>	\$ <u>7,019</u>
The average duration of the defined benefit obligation	7 - 10 years	7 - 11 years

## 23. EQUITY

### a. Share capital

	<u>December 31</u>	
	2021	2020
Number of shares authorized (thousands)	<u>653,609</u>	<u>653,609</u>
Shares authorized	\$ <u>6,536,092</u>	\$ <u>6,536,092</u>
Number of shares issued and fully paid (in thousands)	<u>653,609</u>	<u>653,609</u>
Shares issued	\$ <u>6,536,092</u>	\$ <u>6,536,092</u>

### b. Capital surplus

	<u>December 31</u>	
	2021	2020
<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.	945	418
<u>May be used to offset a deficit only</u>		
Share of changes in equities of associates	21,920	21,315
Overdue dividends not collected by shareholders	<u>22,479</u>	<u>22,483</u>
	\$ <u>66,950</u>	\$ <u>65,822</u>

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.

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

The appropriations of 2020 and 2019 earnings have been approved in the shareholders' meetings on July 27, 2021 and June 15, 2020, respectively. The appropriations and dividends per share were as follows:

	2020	2019
Legal reserve	<u>\$ 115,575</u>	<u>\$ 113,548</u>
Cash dividends	<u>\$ 718,970</u>	<u>\$ 653,609</u>
Cash dividends per share (NT\$)	\$ 1.1	\$ 1

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 28, 2022. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 108,808	
Cash dividends	653,609	\$ 1

The appropriation of earnings for 2021 will subject to the resolution of the shareholders' meeting.

d. Special reserves

	<b>December 31</b>	
	<u>2021</u>	<u>2020</u>
First-time adoption IFRSs	<u>\$ 3,185,793</u>	<u>\$ 3,185,793</u>

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

	<b>For the year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (892,298)	\$ (1,006,436)
Share of exchange difference of associates accounted for using the equity method	<u>(53,545)</u>	<u>114,138</u>
Balance at December 31	<u>\$ (945,843)</u>	<u>\$ (892,298)</u>

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

	<b>For the year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 1,396,993	\$ 1,342,691
Recognized for the year		
Unrealized gain (loss) - equity instruments	243,289	(27,180)
Share from associates accounted for using the equity method	<u>(1,410)</u>	<u>(2,756)</u>
Other comprehensive income/(loss) during the year	<u>241,879</u>	<u>(29,936)</u>
The cumulative profit or loss arising from the disposals of equity instruments is transferred to retained earnings.	<u>-</u>	<u>84,238</u>
Balance at December 31	<u>\$ 1,638,872</u>	<u>\$ 1,396,993</u>

3) Remeasurement of defined benefit plans

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 51,052	\$ 56,036
Remeasurement	10,037	(7,681)
Remeasurement on defined benefit plans related income tax	337	1,536
Share from associates accounted for using the equity method	<u>8,294</u>	<u>1,161</u>
Balance at December 31	<u>\$ 69,720</u>	<u>\$ 51,052</u>

4) Other equity items

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>

Balance at January 1	\$ (17,217)	\$ -
Share of associates accounted for using the equity method (Note)	<u>-</u>	<u>(17,217)</u>
Balance at December 31	<u>\$ (17,217)</u>	<u>\$ (17,217)</u>

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

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 129,126	\$ 119,589
Share in profit (loss) for the year	26,148	12,543
Other comprehensive income/(loss) during the year		
Remeasurement on defined benefit plans	(70)	15
Remeasurement on defined benefit plans related income tax	14	(3)
Disposal of partial equity(Note 28)	(2,017)	(2,238)
Non-controlling dividend distribution	<u>(2,190)</u>	<u>(780)</u>
Balance at December 31	<u>\$ 151,011</u>	<u>\$ 129,126</u>

24. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers		
Revenue from sale of goods	\$ 6,072,453	\$ 5,418,715
Revenue from rendering of services	<u>6,654</u>	<u>7,502</u>
	<u>\$ 6,079,107</u>	<u>\$ 5,426,217</u>

a. Contract balances

	<b>December 31</b>		<b>January 1</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Notes and accounts receivable (Including related parties)	<u>\$ 1,661,465</u>	<u>\$ 1,413,029</u>	<u>\$ 1,278,637</u>
Contract assets - current			
Sale of goods	\$ 3,262	\$ 7,114	\$ 4,772
Less: Allowance for impairment loss	<u>637</u>	<u>1,396</u>	<u>880</u>
	<u>2,625</u>	<u>5,718</u>	<u>3,892</u>
Contract assets from related parties			



Sale of goods	5,546	9,928	15,371
Less: Allowance for impairment loss	<u>1,109</u>	<u>1,973</u>	<u>3,018</u>
	<u>4,437</u>	<u>7,955</u>	<u>12,353</u>
	<u>\$ 7,062</u>	<u>\$ 13,673</u>	<u>\$ 16,245</u>
Contract liabilities - current			
Sale of goods	<u>\$ 10,275</u>	<u>\$ 4,457</u>	<u>\$ 7,368</u>

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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Expected credit loss rate	20%	20%
Gross carrying amount of retention receivable	\$ 8,808	\$ 17,042
Allowance for impairment loss (Lifetime ECLs)	<u>(1,746)</u>	<u>(3,369)</u>
	<u>\$ 7,062</u>	<u>\$ 13,673</u>

The movements of the loss allowance of contract assets refer to Note 11.

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Concrete	\$ 3,971,701	\$ 3,370,194
Cement	1,284,859	1,299,136
Gypsum board panels	787,072	742,434
Others	<u>35,475</u>	<u>14,453</u>
	<u>\$ 6,079,107</u>	<u>\$ 5,426,217</u>

**25. PROFIT BEFORE INCOME TAX**

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	<u>\$ 1,109</u>	<u>\$ 1,361</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Rental income - investment properties (Note 17)	\$ 25,345	\$ 26,086
Dividend income	160,502	172,561
Others	<u>21,848</u>	<u>28,074</u>

\$ 207,695      \$ 226,721

c. Other gains and losses

**For the Year Ended December 31**

	<b>2021</b>	<b>2020</b>
Impairment losses on assets	\$ -	\$ (103,012)
Gain on disposal of investment properties	-	8,579
Net foreign exchange gains and losses	(540)	(1,066)
Gain (loss) on disposal of property, plant and equipment	(17)	760
Gain on disposal of intangible assets	2,989	-
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	(4,201)	(23)
Litigation reserve	(7,000)	-
Development and design expenses	(6,286)	-
Others	<u>(7,297)</u>	<u>(5,334)</u>
	<u>\$ (22,352)</u>	<u>\$ (100,096)</u>

d. Interest expense

**For the Year Ended December 31**

	<b>2021</b>	<b>2020</b>
Interest on loans	\$ 25,038	\$ 27,766
Interest on lease liabilities	<u>4,254</u>	<u>3,635</u>
	<u>\$ 29,292</u>	<u>\$ 31,401</u>

e. Depreciation and amortization

**For the Year Ended December 31**

	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 112,319	\$ 83,194
Right-of-use assets	59,737	50,784
Investment properties	1,179	1,282
Intangible assets	<u>3,183</u>	<u>1,800</u>
	<u>\$ 176,418</u>	<u>\$ 137,060</u>
<b>An analysis of depreciation - by function</b>		
Operating costs	\$ 119,825	\$ 83,413
Operating expenses	52,231	50,565
Others (as non-operating income and expense)	<u>1,179</u>	<u>1,282</u>
	<u>\$ 173,235</u>	<u>\$ 135,260</u>
<b>An analysis of amortization - by function</b>		
Operating costs	\$ 204	\$ -
Operating expenses	<u>2,979</u>	<u>1,800</u>
	<u>\$ 3,183</u>	<u>\$ 1,800</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term benefits		
Salaries	\$ 523,765	\$ 491,232
Labor and health insurance	51,243	46,260
Others	<u>42,885</u>	<u>44,027</u>
	<u>617,893</u>	<u>581,519</u>
Post-employment benefits		
Defined contribution plans	21,361	19,185
Defined benefit plans (Note 22)	<u>4,496</u>	<u>5,432</u>
	<u>25,857</u>	<u>24,617</u>
	<u>\$ 643,750</u>	<u>\$ 606,136</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of employee benefits expense - by function		
Operating costs	\$ 440,139	\$ 408,871
Operating expenses	<u>203,611</u>	<u>197,265</u>
	<u>\$ 643,750</u>	<u>\$ 606,136</u>

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, 2021 and 2020 have been approved on March 28, 2022 and March 23, 2021, respectively as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Employees' compensation	1.68%	1.73%
Remuneration of directors	1.68%	1.73%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Employees' compensation	<u>\$ 20,860</u>	<u>\$ 22,946</u>
Remuneration of directors	<u>\$ 20,860</u>	<u>\$ 22,946</u>

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, 2020 and 2019.

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 134,778	\$ 49,601
Income tax on unappropriated earnings	7,979	16,163
Adjustments for prior years	<u>(4,219)</u>	<u>(23,615)</u>
	<u>138,538</u>	<u>42,149</u>
Deferred tax		
In respect of the current year	5,605	(4,430)
Adjustments for prior years	<u>(18,107)</u>	<u>-</u>
	<u>(12,502)</u>	<u>(4,430)</u>
	<u>\$ 126,036</u>	<u>\$ 37,719</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<u>\$ 1,240,262</u>	<u>\$ 1,297,514</u>
Income tax expense calculated at the statutory rate	\$ 248,052	\$ 259,503
Tax-exempt income	(32,382)	(35,470)
Nondeductible expenses in determining taxable income	(72,875)	(141,314)
Realized investment losses	-	(47,628)
Unrecognized deductible temporary differences	966	12,756
Net operating loss carryforwards used	(3,378)	(2,883)
Additional income tax on unappropriated earnings	7,979	16,163
Land value increment tax	-	207
Income tax adjustments on prior years	<u>(22,326)</u>	<u>(23,615)</u>
	<u>\$ 126,036</u>	<u>\$ 37,719</u>

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	<u>\$ 351</u>	<u>\$ 1,533</u>

c. Current tax assets and liabilities

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax assets		
Tax refund receivable	\$ <u>          -</u>	\$ <u>          31</u>
Current tax liabilities		
Income tax payable	\$ <u>  119,517</u>	\$ <u>  48,156</u>

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, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred Tax Assets</u>				
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	<u>1,390</u>	<u>1,506</u>	<u>-</u>	<u>2,896</u>
	<u>\$ 8,245</u>	<u>\$ 12,396</u>	<u>\$ 49</u>	<u>\$ 20,690</u>
<u>Deferred Tax Liabilities</u>				
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)	-	-
	<u>\$ 1,188,219</u>	<u>\$ (106)</u>	<u>\$ (302)</u>	<u>\$ 1,187,811</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for impairment loss	\$ 605	\$ 338	\$ -	\$ 943
Defined benefit obligation	866	(145)	(13)	708
Unrealized foreign exchange loss	61	(57)	-	4
Unrealized loss for impaired inventories and obsolete and slow-moving inventories	170	90	-	260
Unrealized payable promotion expenses	-	4,940	-	4,940
Others	2,158	(768)	-	1,390
	<u>\$ 3,860</u>	<u>\$ 4,398</u>	<u>\$ (13)</u>	<u>\$ 8,245</u>

Deferred Tax Liabilities

Temporary differences				
Land value increment tax	\$ 1,179,798	\$ -	\$ -	\$ 1,179,798
Defined benefit obligation	9,923	(32)	(1,546)	8,345
Cash surrender value of life insurance	76	-	-	76
	<u>\$ 1,189,797</u>	<u>\$ (32)</u>	<u>\$ (1,546)</u>	<u>\$ 1,188,219</u>

- 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.

	<u>December 31</u>	
	2021	2020
Loss carryforwards		
Expire in 2031	\$ 3,887	\$ -
Expire in 2030	8,003	8,788
Expire in 2029	10,273	10,273
Expire in 2028	57,779	57,779
Expire in 2027	69,078	81,196
Expire in 2026	47,759	56,417
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	6,945
	<u>\$ 330,159</u>	<u>\$ 347,833</u>
 <u>December 31</u>		
	2021	2020
Deductible temporary differences		
Impaired inventories and obsolete and slow-moving inventories	\$ 34,027	\$ 33,274
Net defined benefit obligation	-	90,533
Impairment losses on assets	<u>287,600</u>	<u>287,601</u>

\$ 321,627      \$ 411,408

f. Income tax examinations

Income tax returns through 2020 of Universal Investment Corporation, and 2019 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

	<b>For the Year Ended December 31</b>	
	2021	2020
Profit for the year	\$ <u>1,088,078</u>	\$ <u>1,247,252</u>

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

	<b>For the Year Ended December 31</b>	
	2021	2020
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	1,197	1,311
Weighted average number of ordinary shares used in the computation of diluted earnings per share	\$ <u>654,806</u>	\$ <u>654,920</u>

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

**28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

From June to August 2021 and in October 2020, the Group acquired shares held by the non-controlling interest of Universal Concrete, and its shareholding increased from 58.06% to 58.99% and 56.81% to 58.06% respectively.

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

	<u>2021</u>	<u>2020</u>
	<u>Obtaining non-controlling interests</u>	
Cash consideration paid	\$ (1,490)	\$ (1,820)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	2,017	2,238
	<u>                    </u>	<u>                    </u>
Differences recognized from equity transactions	<u>\$ 527</u>	<u>\$ 418</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interest in subsidiaries	<u>\$ 527</u>	<u>\$ 418</u>

## 29. CASH FLOWS INFORMATION

Cash used in obtaining property, plant and equipment by the Group during 2021 and 2020 was as below:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Increase in property, plant and equipment	\$ 814,916	\$ 178,214
Payables on equipment	7,109	(20,969)
Prepaid on equipment	<u>(618,041)</u>	<u>11,585</u>
Total cash paid	<u>\$ 203,984</u>	<u>\$ 168,830</u>

## 30. CAPITAL MANAGEMENT

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

## 31. FINANCIAL INSTRUMENTS

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

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



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

1) Fair value hierarchy

December 31, 2021

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

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Mutual funds	\$ 478	\$ -	\$ -	\$ 478
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
-Listed shares	\$ 2,253,316	\$ -	\$ -	\$ 2,253,316
-Unlisted shares	-	-	1,499,279	1,499,279
	<u>\$ 2,253,316</u>	<u>\$ -</u>	<u>\$ 1,499,279</u>	<u>\$ 3,752,595</u>

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, 2021

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
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)	-	5	21,09	21,09
Balance at December 31	<u>\$ 22,022</u>	<u>\$ 1,540,374</u>	<u>\$ 1,562,396</u>	<u>\$ 1,562,396</u>

For the year ended December 31, 2020

	<b>Financial assets at fair value through other comprehensive income</b>
Balance at January 1	<u>\$ 1,418,905</u>
Recognized in other comprehensive income(Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income)	81,413
Additions	20,000
Share capital returned for liquidation	<u>(21,039)</u>
Balance at December 31	<u>\$ 1,499,279</u>

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

Category of financial instrument	Measurement technique and input v a l u e
<u>Investment of Equity Instrument</u>	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

	<b>December 31</b>
	<u>2021</u> <u>2020</u>

### Financial assets

#### Financial assets at FVTPL

Mandatorily classified as at FVTPL	\$ 112,388	\$ 478
Financial assets at amortized cost (1)	2,053,655	1,826,257
Financial assets at FVTOCI		
Equity instruments	4,548,333	3,752,595

### Financial liabilities

Financial liabilities at amortized cost (2)	4,051,705	3,677,636
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- 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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 149,685	\$ 174,154
Financial liabilities	1,511,395	1,546,915
Cash flow interest rate risk		
Financial assets	218,725	203,864
Financial liabilities	1,780,000	1,467,000

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 \$ 2,549,259 thousand and \$ 2,253,316 thousand, had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2021 and 2020 would have increased/decreased by \$ 25,493 thousand and \$ 22,533 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, 2021

	<b>On Demand or Less than 3 Month</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Year</b>	<b>5 Year to 10 Year</b>
<u>Non-derivative financial liabilities</u>				
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	<u>1,225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$4,058,045</u>	<u>\$ 42,248</u>	<u>\$ 205,047</u>	<u>\$ 48,300</u>

December 31, 2020

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

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, 2021 and 2020, the Group has loan commitments \$ 2,634,559 thousand, and \$ 1,943,439 thousand, respectively.

### 32. TRANSACTIONS WITH RELATED PARTIES

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

a. Name and relationship of related party

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

b. Sales of goods

<b>Account Items</b>	<b>Related Parties Category</b>	<b>For the Year Ended December 31</b>	
		<b>2021</b>	<b>2020</b>
Sales revenue	The key management of the Group serves as a member its board of directors	\$ 62,364	\$ 65,595
	The key management of the Group serves as supervisor	<u>52,864</u>	<u>91,022</u>
		<u>\$ 115,228</u>	<u>\$ 156,617</u>

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

<b>Related Parties Category</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
The key management of the Group serves as a member of its board of directors	<u>\$ 264,867</u>	<u>\$ 245,547</u>

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

<b>Related Party Category / Name</b>	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The key management of the Group serves as supervisor		
Pan Asia Corp.	\$ 5,546	\$ 9,928
Less: Allowance for impairment loss	<u>1,109</u>	<u>1,973</u>
	<u>\$ 4,437</u>	<u>\$ 7,955</u>

e. Receivables from related parties (Excluding contract assets)

Account Items	Related Parties Category / Name	December 31	
		2021	2020
Accounts receivable from related parties	The key management of the Group serves as supervisor Pan Asia Corp.	\$ 26,432	\$ 47,098
	The key management of the Group serves as a member of its board directors	7,744	5,172
	Less: Allowance for impairment loss	<u>12</u>	<u>19</u>
		<u>\$ 34,164</u>	<u>\$ 52,251</u>

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

Account Items	Related Parties Category	December 31	
		2021	2020
Accounts payable - related parties	The key management of the Group serves as a member of its board of directors	<u>\$ 32,168</u>	<u>\$ 45,801</u>

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

g. Lease arrangements - Group is lessee

Related Parties Category	For the Year Ended December 31	
	2021	2020
Acquisitions of Right - of - use assets Associates	<u>\$ 27,585</u>	<u>\$ -</u>

Line Item	Related Party Category	December 31	
		2021	2020
Lease liabilities	Associates	<u>\$ 25,785</u>	<u>\$ 3,431</u>

Line Item	Related Party Category	For the Year Ended December 31	
		2021	2020
Interest expense	Associates	<u>\$ 88</u>	<u>\$ 52</u>

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:

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The key management of the Group serves as a member of its board of directors	\$ 3,207	\$ 8,705
Another company holding the position as chief management of the Group	<u>23</u>	<u>46</u>
	<u>\$ 3,230</u>	<u>\$ 8,751</u>

Total lease revenue is summarized as follows:

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
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	<u>23</u>	<u>23</u>
	<u>\$ 5,521</u>	<u>\$ 5,521</u>

i. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 39,726	\$ 38,270
Post-employment benefits	<u>504</u>	<u>547</u>
	<u>\$ 40,230</u>	<u>\$ 38,817</u>

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

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Pledge deposits</u>		
Current	\$ 5,147	\$ 67
Non-current	<u>10,215</u>	<u>35,864</u>
	<u>\$ 15,362</u>	<u>\$ 35,931</u>

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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



- a. Unrecognized commitments are as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Acquisition of property, plant and equipment	<u>\$ 82,593</u>	<u>\$ 104,529</u>

b. As of December 31, 2021 and 2020, the promissory notes were \$ 104,183 thousand and \$ 96,499 thousand, respectively. These notes were provided as engineering performance bonds, which could be refunded when the guarantee is terminated.

c. As of December 31, 2021 and 2020, unused letters of credit for purchase of raw materials were \$ 26,756 thousand and \$ 6,561 thousand.

d. In June 2015, Cheng Da Construction Co., Ltd. (CDC) filed a complaint in the ROC. District Court of Taichung, alleging that the Group provided ready-mixed concrete with defects in quality. CDC claimed for compensation of \$ 34,580 thousand. Subsequently, the claim was reduced to \$ 27,930 thousand. The case is currently under trial for the third trial in Taichung Supreme Court. The Group cannot eliminate the possibility of defeated in the suit or possible settlement; therefore, an estimated contingent liability is recognized under Other Payables.

e. The Group supplied ready-mixed concrete to Chuan-Feng Construction Inc. (Chuan-Feng) Chuan-feng sought against the Group recovery of damage of \$ 18,827 thousand due to defective found in the project of “Guo-hsiung Grand Ju-li” (the Project) contracted by Chuan-Feng. The case is currently under trial for the first trial at Taichung District Court. Nevertheless, the recovery of damage sought by the resident of the Project against Guo-hsiung Enterprise is undecided and therefore it is adjudicated by the court that the case is temporarily stay. It is the assessment of the Group that the result of the legal proceeding is yet to be estimated, therefore no contingent liability is appropriated.

f. The Group entered into an contract with Chi-ying Inc. (Chi-ying) on the manufacturing and installation equipment and request a plan of change in accordance with the contract. Chi-ying contended that it has complete the manufacturing of the product and demand the payment of \$ 5,967 thousand (VAT included). Subsequently, the claim was reduced to \$ 5,120 thousand. The case is currently under trial for the first trial at Chiao-Tou District Court. It is the assessment of the Group that the result of the legal proceeding is yet to be estimated, therefore no contingent liability is appropriated.

g. The Group has outsourced its transportation of ready-mixed concrete to Lian-Chin Enterprise Inc. in 2020. The driver was sued for wrongful death due to malpractice. The family of the victim brought a claim against the driver and held the Group jointly liable for the loss of \$ 5,681 thousand. The case is currently under trial at Feng-Shan Summary Court of Kaohsiung District Court. It is the assessment of the Group that the result 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 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, 2021

<b>Foreign Currencies (In Thousand)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousand)</b>
---	----------------------	--

## Financial assets

### Monetary items

USD	\$	431	27.68	\$	11,937
RMB		902	4.344		3,918
EUR		136	31.32		4,244

December 31, 2020

		<b>Foreign Currencies (In Thousand)</b>	<b>Exchange Rate</b>		<b>Carrying Amount (In Thousand)</b>
<u>Financial assets</u>					
Monetary items					

USD	\$	187	28.48	\$	5,316
RMB		1,147	4.377		5,019

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:

Functional Currencies	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
NTD	1(NTD:NTD)	<u>\$ (540)</u>	1 (NTD:NTD)	<u>\$ (1,066)</u>

## 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. (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)

### 37. SEGMENT INFORMATION

#### a. Operating segments information

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

The Group's reportable segments are as follows:

- 1) Building materials business - manufacture, sell and research cement, concrete and gypsum board
- 2) Assets management center - serve as the department of joint venture and others

#### b. Segment revenues and operating results

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

For the year December 31, 2021

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

For the year December 31, 2020

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

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:

	<b>For the Year Ended December 31</b>			
	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
Hung Hsin Building Materials Ltd. (Note)	<u>\$ 526,861</u>	<u>9</u>	<u>\$ 525,912</u>	<u>10</u>

Note : Revenue from selling cement

## 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	Uneo Incorporated	Other receivables	Yes	\$ 100,000	\$ 100,000	\$ -	1	For short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 7,693,386	\$ 7,693,386
0	The Company	Universal Investment Corporation	Other receivables	Yes	800,000	800,000	85,000	1	For short-term financing	-	Operating capital	-	None	-	7,693,386	7,693,386
0	The Company	Universal Concrete Industrial Corporation	Other receivables	Yes	300,000	300,000	20,000	1	For short-term financing	-	Operating capital	-	Land	185,609	7,693,386	7,693,386

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.

## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Endorser / Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed / Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period (Note 6)	Actual Borrowing Amount	Amount Endorsed / Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4 , Note 5, Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Uneco Incorporated	(1)	\$ 60,000	\$ 50,000	\$ 50,000	\$ -	\$ -	-	\$ 19,233,465	Y	N	N
		Universal Investment Corporation	(1)	750,000	400,000	400,000	100,000	-	2	19,233,465	Y	N	N
		Universal Concrete Industrial Corporation	(1)	132,329	120,000	120,000	-	-	1	19,233,465	Y	N	N
1	Kaohsiung Harbor Transport Company	Universal Concrete Industrial Corporation	(3)	487,450	166,541	162,241	-	-	166	974,900	N	N	N
		The Company	(2)	487,450	409,929	319,928	-	-	328	974,900	N	Y	N
2	Universal Investment Corporation	Universal Concrete Industrial Corporation	(3)	3,841,535	9,949	-	-	-	-	7,683,070	N	N	N
		The Company	(2)	3,841,535	279,816	279,816	-	-	36	7,683,070	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, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				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	\$ 544,334	2.50	\$ 544,334	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	28,441,983	738,069	0.15	738,069	
	Asia Pacific Telecom Corp.	-	Financial assets at FVTOCI - current	3,277,157	26,938	0.08	26,938	
	CHC Resources Co., Ltd.	The Company serves as a member of its board of directors	Financial assets at FVTOCI - current	17,020,254	771,869	6.85	771,869	
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	13,000,000	271,050	8.72	271,050	
	Creative Sensor Inc.	-	Financial assets at FVTPL - current	273,000	6,866	0.21	6,866	
	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	764,711	8.14	764,711	
	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	513,193	16.44	513,193	
	Universal Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non - current	1,400,000	11,413	1.16	11,413	
	CTBC Investments Corp.	-	Financial assets at FVTOCI - non - current	3,303,325	139,219	1.05	139,219	
	Kaohsiung Rapid Transit Corp.	-	Financial assets at FVTOCI - non - current	1,286,063	10,350	0.46	10,350	
	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	471	-	471	
	Listed shares							
	Prince Housing & Development Corp.	The president of the Company serves as a member of its board of directors.	Financial assets at FVTOCI - current	34,928,900	468,048	2.15	468,048	
	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	72,795	0.11	72,795	
	Teco Image Systems Co., Ltd.	-	Financial assets at FVTPL - current	602,000	10,234	0.53	10,234	
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	9,000,000	187,650	6.04	187,650	
	Unlisted shares							
	Pan Asia (Engineers & Constructors) Corporation.	Subsidiary serves as supervisor	Financial assets at FVTOCI - non-current	3,102,803	37,823	2.71	37,823	
Chinese Products Promotion Center	-	Financial assets at FVTOCI - non-current	7,540	540	1.98	540		



## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				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	27,186	8.06	27,186	
	DarChan Venture Capital Co., Ltd.	The legal entity as director of the Company serves as supervisor.	Financial assets at FVTOCI - non-current	4,000,000	35,939	3.64	35,939	
	Limited partnership Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	-	22,022	3.23	22,022	

## 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, 2021

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Listed shares Creative Sensor Inc.	Financial assets at FVTPL - current	-	-	-	\$ -	2,067,000	\$ 59,033	1,794,000	\$ 52,658	\$ 51,248	\$ 1,410	273,000	\$ 6,866
	Privately offered shares Creative Sensor Inc.	Financial assets at FVTOCI - non-current	-	-	-	-	13,000,000	305,370	-	-	-	-	13,000,000	271,050
Universal Investment Corporation	Listed shares Creative Sensor Inc.	Financial assets at FVTPL - current	-	-	-	-	230,000	6,599	230,000	6,949	6,599	350	-	-
	Privately offered shares Creative Sensor Inc.	Financial assets at FVTOCI - non-current	-	-	-	-	9,000,000	211,410	-	-	-	-	9,000,000	187,650

## 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, 2021

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Kaohsiung Harbor Transport Company CHC Resources Corp.	Subsidiary  The key management of the Group serves as a member of its board of directors	Purchase (Freight)	\$ 231,872	8	45 ~ 60 days after acceptance	Note	Equivalent	(\$ 33,121)	(5)	
			Purchase	217,957	8	30 ~ 65 days after acceptance	Equivalent	Equivalent	( 26,611)	(4)	

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

## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2021	December 31, 2020	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	\$ 112,282	\$ 17,591	\$ 12,314	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	22,643	22,643	2,252,378	86.63	40,619	(136)	(118)	
	Kaohsiung Harbor Transport Company	Kaohsiung city	Trucking operation	74,580	74,580	7,560,000	100.00	97,490	2,950	2,950	
	Universal Investment Corporation	Taipei city	Investment activities	650,000	250,000	75,000,000	100.00	768,307	9,170	9,170	
	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	33,774	32,284	7,691,411	58.12	137,759	50,220	29,331	
	Uneo Incorporated	Taipei city	Marketing of electronic Products	291,671	291,671	6,000,000	100.00	43,336	(2,053)	(2,053)	
	Li Yong Development Corporation	Taipei city	Investment activities, trading for real estate and leasing business	20,000	20,000	2,000,000	100.00	19,566	(434)	(434)	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	174,997	174,997	89,581,468	29.86	9,810,809	1,240,141	370,306	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete	68,454	41,454	1,265,000	42.17	81,764	6,348	2,594	
Universal Investment Corporation	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	858	858	115,494	0.87	858	-	-	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	5	5	361	0.01	5	-	-	
	Huanchung Cement International Corporation	Taichung city	Import, export, and sale of cement, cement material, fuel, and production	13	13	667	0.01	13	-	-	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete	178	178	10,000	0.33	179	-	-	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	93	93	1,680	-	93	-	-	

## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 231,872	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	13,918	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	19,203	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	22,784	The sales prices have no comparison with those from third parties, net 60 days after shipment.	-
		Uneo Incorporated	(1)	Accounts receivable	5,013	The sales prices have no comparison with those from third parties, net 60 days after shipment.	-
		Universal Investment Corporation	(1)	Other receivables	85,000	Financing	-
		Universal Concrete Industrial Corporation	(1)	Other receivables	20,000	Financing	-
1	Huanchung Cement International Corporation	Universal Concrete Industrial Corporation	(3)	Sales revenue	102,379	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	15,103	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 Corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, the Republic of China (ROC).

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on

these matters.

The key audit matter of the Corporation's financial statements for the year ended December 31, 2021 is stated as follows:

Occurrence of sales of concrete products

Refer to Note 4(13) and Note 22, the Corporation mainly manufactures and sells cement, ready mixed concrete and gypsum board panels. The sales amount of some concrete products changed greatly in 2021 and the change can be due to changes in volume or price or both. Sales is the main source of the Corporation's revenue and has a material impact on the Corporation's financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

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

1. We understood the design of the Corporation's internal controls on accounting for sales. We tested the implementation and operating effectiveness of the internal controls.
2. We selected samples from the sales records, and verified that the products and quantities listed on the delivery orders and the invoices are the same and for the same customers. We noted that the delivery orders are signed by the customers.

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

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

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

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



## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

We also provide those charged with governance with a statement that we have complied

with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 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 28, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 104,869	-	\$ 125,182	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	6,866	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,081,210	9	1,851,633	8
Financial assets at amortized cost - current (Notes 4, 9, 10 and 32)	67	-	67	-
Contract assets - current (Notes 4 and 23)	2,545	-	5,578	-
Contract assets from related parties - current (Notes 4, 23 and 31)	4,437	-	4,228	-
Notes receivable (Notes 4, 11 and 23)	395,276	2	362,052	2
Net Accounts receivable (Notes 4, 11 and 23)	1,000,841	4	796,302	3
Accounts receivable from related parties (Notes 4, 11, 23 and 31)	36,742	-	52,308	-
Other receivables (Notes 4 and 31)	106,365	1	592	-
Inventories (Notes 4 and 12)	266,451	1	247,290	1
Prepayments	16,310	-	45,918	-
Other current assets	3,686	-	5,159	-
Total current assets	<u>4,025,665</u>	<u>17</u>	<u>3,496,309</u>	<u>15</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,709,936	7	1,419,292	6
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 32)	4,707	-	15,195	-
Investments accounted for using equity method (Notes 4 and 13)	11,111,932	46	10,808,078	47
Property, plant and equipment (Notes 4 and 14)	6,629,770	27	6,414,931	28
Right - of - use assets (Notes 4 and 15)	39,323	-	27,007	-
Investment properties (Notes 4 and 16)	685,616	3	194,028	1
Other intangible assets (Notes 4 and 17)	8,051	-	7,611	-
Deferred tax assets (Notes 4 and 25)	16,702	-	5,344	-
Prepayments for equipment	23,287	-	640,952	3
Other non-current assets	-	-	380	-
Total non-current assets	<u>20,229,324</u>	<u>83</u>	<u>19,532,818</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 24,254,989</u>	<u>100</u>	<u>\$ 23,029,127</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 18)	\$ 1,780,000	7	\$ 1,285,000	6
Short-term bills payable (Note 4 and 18)	1,059,292	4	1,039,284	5
Contract liabilities - current (Notes 4 and 23)	1,224	-	565	-
Notes payable (Note 19)	-	-	209	-
Accounts Payable (Note 19)	581,335	3	471,001	2
Accounts Payable to related parties (Notes 19 and 31)	40,529	-	52,662	-
Other payables (Note 20 and 31)	258,827	3	268,209	1
Current tax liabilities (Notes 25)	107,052	1	46,077	-
Lease liabilities - current (Notes 4, 15 and 31)	13,445	-	16,897	-
Other current liabilities (Note 20)	18,590	-	18,682	-
Total current liabilities	<u>3,860,294</u>	<u>16</u>	<u>3,198,586</u>	<u>14</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 25)	1,088,997	5	1,089,408	5
Lease liabilities - non-current (Notes 4, 15 and 31)	26,072	-	10,315	-
Guarantee deposits	8,827	-	8,432	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	37,334	-	66,159	-
Total non-current liabilities	<u>1,161,230</u>	<u>5</u>	<u>1,174,314</u>	<u>5</u>
Total liabilities	<u>5,021,524</u>	<u>21</u>	<u>4,372,900</u>	<u>19</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)</b>				
Capital stock - common stock	6,536,092	27	6,536,092	29
Capital surplus	66,950	-	65,822	-
Retained earnings				
Legal reserve	2,607,075	11	2,491,500	11
Special reserve	3,185,793	13	3,185,793	14
Unappropriated earnings	6,092,023	25	5,838,490	25
Total retained earnings	11,884,891	49	11,515,783	50
Other equity	745,532	3	538,530	2
Total equity	<u>19,233,465</u>	<u>79</u>	<u>18,656,227</u>	<u>81</u>
<b>TOTAL</b>	<u>\$ 24,254,989</u>	<u>100</u>	<u>\$ 23,029,127</u>	<u>100</u>

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

## Universal Cement Corporation

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 31)	\$ 4,826,439	100	\$ 4,495,516	100
OPERATING COSTS (Notes 12, 21, 24 and 31)	<u>3,863,835</u>	<u>80</u>	<u>3,693,613</u>	<u>82</u>
GROSS PROFIT	<u>962,604</u>	<u>20</u>	<u>801,903</u>	<u>18</u>
OPERATING EXPENSES (Notes 21, 24 and 31)				
Selling and marketing expenses	90,348	2	105,770	2
General and administrative expenses	167,842	3	157,467	3
Research and development expenses	76,718	2	68,246	2
Expected credit loss (gain)	<u>(1,954)</u>	<u>-</u>	<u>536</u>	<u>-</u>
Total operating expenses	<u>332,954</u>	<u>7</u>	<u>332,019</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>629,650</u>	<u>13</u>	<u>469,884</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 31)				
Interest income	141	-	273	-
Other income	177,733	4	178,891	4
Other gains and losses	(9,544)	-	(98,927)	(2)
Interest expenses	(20,939)	(1)	(23,044)	(1)
Share of profit or loss of associates	<u>424,060</u>	<u>9</u>	<u>754,312</u>	<u>17</u>
Total non-operating income and expenses	<u>571,451</u>	<u>12</u>	<u>811,505</u>	<u>18</u>
PROFIT BEFORE INCOME TAX	1,201,101	25	1,281,389	29
INCOME TAX EXPENSE (Notes 4 and 25)	<u>113,023</u>	<u>2</u>	<u>34,137</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,088,078</u>	<u>23</u>	<u>1,247,252</u>	<u>28</u>
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	-	(7,712)	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	199,183	4	(28,404)	(1)

Share of the other comprehensive income or loss of associates accounted for using the equity method	50,981	1	(346)	-
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(Continued)

## Universal Cement Corporation

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 335	-	\$ 1,542	-
	<u>260,547</u>	<u>5</u>	<u>(34,920)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income of associates accounted for using the equity method	<u>(53,545)</u>	<u>(1)</u>	<u>114,138</u>	<u>3</u>
	<u>(53,545)</u>	<u>(1)</u>	<u>114,138</u>	<u>3</u>
Other comprehensive income (loss) for the year, net of income tax	<u>207,002</u>	<u>4</u>	<u>79,218</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,295,080</u>	<u>27</u>	<u>\$ 1,326,470</u>	<u>30</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.66</u>		<u>\$ 1.91</u>	
Diluted	<u>\$ 1.66</u>		<u>\$ 1.90</u>	

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity					Total 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	
BALANCE AT JANUARY 1, 2020	\$ 6,536,092	\$ 41,430	\$ 2,377,952	\$ 3,185,793	\$ 5,449,899	( \$ 1,006,436 )	\$ 1,342,691	\$ 56,036	\$ -	\$ 392,291	\$ 17,983,457
Appropriation of 2019 earnings (Note 22)											
Legal reserve	-	-	113,548	-	( 113,548 )	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$ 1 per share	-	-	-	-	( 653,609 )	-	-	-	-	-	( 653,609 )
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. ( Note 27 )	-	4488	-	-	-	-	-	-	-	-	418
Changes in recognition of associates accounted for using equity method	-	1,491	-	-	( 7,266 )	-	-	-	( 17,217 )	( 17,217 )	( 22,992 )
Overdue dividends not collected by shareholders		22,483			-						22,483
Net profit for the year ended December 31, 2020	-	-	-	-	1,247,252	-	-	-	-	-	1,247,252
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	114,138	( 29,936 )	( 4,984 )	-	79,218	79,218
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,247,252	114,138	( 29,936 )	( 4,984 )	-	79,218	1,326,470
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 8 and 22)	-	-	-	-	( 84,237 )	-	84,238	-	-	84,238	-
BALANCE AT DECEMBER 31, 2020	6,536,092	65,822	2,491,500	3,185,793	5,838,490	( 892,298 )	1,396,993	51,052	( 17,217 )	538,530	18,656,227
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 27)	-	527	-	-	-	-	-	-	-	-	527
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

(Continued)

# Universal Cement Corporation

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity					Total 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 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	<u>\$ 6,536,092</u>	<u>\$ 66,950</u>	<u>\$ 2,607,075</u>	<u>\$ 3,185,793</u>	<u>\$ 6,092,023</u>	<u>( \$ 945,843 )</u>	<u>\$ 1,638,872</u>	<u>\$ 69,720</u>	<u>( \$ 17,217 )</u>	<u>\$ 745,532</u>	<u>\$ 19,233,465</u>

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax		
Income before income tax	\$ 1,201,101	\$ 1,281,389
Adjustments for:		
Depreciation expenses	114,763	93,211
Amortization expenses	2,992	1,511
Expected credit loss (gain) recognized	(1,954)	536
Interest expenses	20,939	23,044
Interest income	(141)	(273)
Dividend income	(142,112)	(137,256)
Share of profit of associates	(424,060)	(754,312)
Loss (Gain) on disposal of property, plant and equipment net	17	(328)
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(491)	-
Gain on disposal of investment properties	(424,060)	(8,579)
Gain on disposal of other intangible assets	(2,989)	-
Inventory write-downs	752	-
Impairment loss on assets	-	103,012
Gain on lease modification	-	(3)
Changes in operating assets and liabilities		
Contract assets (Including related parties)	3,531	3,056
Notes receivable	(33,224)	(44,157)
Accounts receivable (Including related parties)	(187,726)	(66,336)
Other receivables	(772)	10,149
Inventories	(19,913)	(28,323)
Prepayments	29,608	(26,160)
Other current assets	1,473	2,184
Contract liabilities	659	(4,411)
Notes payable (Including related parties)	(209)	(361)
Accounts payable (Including related parties)	98,201	22,118
Other payables	(2,555)	27,951
Other current liabilities	(92)	(9,030)
Net defined benefit liability	(18,777)	(25,276)
Cash generated from operations	639,021	463,356
Interest received	141	273
Dividends received	689,375	504,481
Income tax paid	(63,482)	(39,777)
Net cash generated from operating activities	<u>1,265,055</u>	<u>928,333</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at fair value through other comprehensive income	(321,038)	(9,468)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	21,039



Increase in financial assets at amortized cost	(541)	(9,683)
Decrease in financial assets at amortized cost	11,029	26,447
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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	<b>2021</b>	<b>2020</b>
Acquisitions of investments accounted for using equity method	(\$ 428,490)	(\$ 71,820)
Refunds from financial assets at fair value through profit or loss	52,658	-
Payments for property, plant and equipment	(191,534)	(152,316)
Refunds from disposal of property, plant and equipment	214	330
Payments for intangible assets	(3,443)	(1,670)
Refunds from disposal of intangible assets	3,000	-
Payments for investment properties	(210)	-
Refunds from disposal of investment properties	-	28,364
Increase in other receivables	(147,000)	-
Decrease in other receivables	42,000	-
Decrease in other non-current assets	380	-
Net cash used in investing activities	<u>(1,042,008)</u>	<u>(168,777)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	495,000	185,000
Increase (decrease) in short-term bills payable	20,000	(260,000)
Proceeds from guarantee deposits received	655	200
Refund of guarantee deposits received	(260)	(130)
Repayment of the principal portion of lease liabilities	(19,132)	(20,141)
Dividends paid to owners of the Company	(718,970)	(653,613)
Interest Paid	<u>(20,653)</u>	<u>(22,756)</u>
Net cash used in financing activities	<u>(243,360)</u>	<u>(771,440)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(20,313)</b>	<b>(11,884)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>125,182</u>	<u>137,066</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 104,869</u>	<u>\$ 125,182</u>

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, 2021 AND 2020

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

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#### 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 28, 2022.

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

- a. The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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).

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 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the adoption of other standards or interpretations will not have a significant impact on the Company'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
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, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2 : The amendments apply to the annual reporting period starting after January 1, 2023 in extension.

Note 3 : The amendments apply to changes in accounting estimates and changes in accounting policies that occurred during the annual reporting period starting after January 1, 2023.

Note 4 : Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

The amendments stated that the Corporation shall determine the information on significant accounting policies to be disclosed based on the definition of materiality. Where it is reasonably

expected that the information on significant accounting policies would affect the decisions made by primary users of the financial statement for general purposes based on such financial statements, such information on significant accounting policies is material. The amendments also clarified :

- (1) Information on accounting policies related to immaterial transactions, other matters or circumstances is immaterial, and the Corporation is not required to disclose such information.
- (2) The Corporation may determine the information on accounting policies related to immaterial transactions, other matters or circumstances is material due to its nature, even in the case when the amounts are immaterial.
- (3) All information on accounting policies not related to immaterial transactions, other matters or circumstances is material.

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

- (6) The Corporation changed its accounting policies during the reporting period, and such changes resulted in significant changes in the information of the financial statements;
- (7) The Corporation elected applicable accounting policies from options permitted by the standards;
- (8) As no requirement is provided under any specific standards, the Corporation established the accounting policies based on IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- (9) Relevant accounting policies where the Corporation disclosed the decisions that required significant judgments or assumptions; or
- (10) Information that involves complicated accounting requirements and users of the financial statements depends on such information to understand material transactions, other matters or circumstances.

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

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the assets or liabilities.

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

translation are recognized in profit or loss in the period.

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

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

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

e. Inventories

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

f. Investments in subsidiaries

Equity method is adopted for investments in subsidiaries.

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

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

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

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

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

For impairment evaluation, the Company considers cash-generating units (the "CGUs") and compares its recoverable amount based on the individual financial report, as a whole. Subsequently, where the recoverable amount of the assets increases, the Company recognizes the reversal of impairment loss as

gains. However, the carrying amount of the assets less the reversal of impairment loss shall not exceed the carrying amount of the asset less the amortization should have been recognized under the condition where no impairment loss is recognized.

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

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

g. Investment in associates

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

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

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

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

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

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

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

recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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.

j. Intangible assets

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

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying



amount of the asset is recognized in profit or loss.

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with 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 30.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with

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

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

#### b) Impairment of financial assets and contract assets

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

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 365 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

#### c) Derecognition of financial assets

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

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

### 2) Equity instruments

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

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

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

### 3) Financial liabilities

All the financial liabilities are measured at amortized cost using the effective interest method.

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

### m. Revenue recognition

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

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

### n. Leases

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

#### 1) The Corporation as lessor

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

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

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

#### 2) The Corporation as lessee

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

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

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

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes

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

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

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

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Cash on hand	\$ 282	\$ 413
Checking accounts and demand deposits	104,587	124,769
	<u>\$ 104,869</u>	<u>\$ 125,182</u>

**7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Non-derivative financial assets		
Listed shares and emerging market shares	<u>\$ 6,866</u>	-
<u>Investments in equity instruments at FVTOCI - Non-current</u>		

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Investments in equity instruments at FVTOCI - Current</u>		
Domestic investments		
Listed shares and emerging market shares	<u>\$ 2,081,210</u>	<u>\$ 1,851,633</u>
<u>Investments in equity instruments at FVTOCI - Non-current</u>		

Domestic investments		
Listed OTC Private Equity	\$ 271,050	
	<u>1,438,886</u>	<u>1,419,292</u>
Unlisted shares	\$ 1,709,936	\$ 1,419,292

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

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

The merged company subscribed 13,000 thousand shares of Lingguang private common stock in November 2020, totaling 305,370 thousand yuan. The above-mentioned shares have not passed the lock-up period of 3 years. Because it is a strategic investment, it is designated to be measured at fair value through other comprehensive gains and losses.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Time deposits with original maturity of more than 3 months (a)	\$ -	\$ -
Pledged time deposits (a)	<u>67</u>	<u>67</u>
	<u>\$ 67</u>	<u>\$ 67</u>
<u>Non-current</u>		
Pledged time deposits (a)	\$ -	\$ 10,488
Refundable deposits	<u>4,707</u>	<u>4,707</u>
	<u>\$ 4,707</u>	<u>\$ 15,195</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.815% and 0.13%-0.815% per annum as of December 31, 2021 and 2020, respectively. The information on pledged time deposits is set out in Note 32.
- 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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Financial assets at amortized cost - current	\$ 67	\$ 67
Financial assets at amortized cost - non-current	<u>4,707</u>	<u>15,195</u>



\$ 4,774      \$ 15,262

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, 2021 and 2020, no expected credit losses have been recognized in financial assets measured at amortized cost.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 395,276	\$ 360,273
Notes receivable - non-operating		1,779
	<u>\$ 395,276</u>	<u>\$ 362,052</u>
 <u>Accounts receivable (Including related parties)</u>		
At amortized cost		
	\$ 1,040,873	\$ 853,683
Less: Allowance for impairment loss	3,290	5,073
	<u>\$ 1,037,583</u>	<u>\$ 848,610</u>

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

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

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

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

#### Notes receivable

The Company analyzed notes receivable was not past due based on past due status, and the Company did not recognize an expected credit loss for notes receivable as of December 31, 2021 and 2020.

#### Accounts receivable (Including related parties)

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

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	\$ 3,703	\$1,040,873
Loss allowance (Lifetime ECL)	( 202)	( 191)	( 221)	( 334)	( 75)	( 57)	( 3,703)	( 3,290)
Amortized cost	<u>\$ 824,763</u>	<u>\$ 136,298</u>	<u>\$ 53,732</u>	<u>\$ 21,638</u>	<u>\$ 966</u>	<u>\$ 186</u>	<u>\$ -</u>	<u>\$1,037,583</u>

December 31, 2020

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

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

December 31, 2021

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2021	\$ 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, 2021	<u>\$ 1,745</u>	<u>\$ 3,290</u>	<u>\$ 5,035</u>

December 31, 2020

	Contract Asset (Including related parties)	Accounts Receivable (Including related parties)	Total
Balance at January 1, 2020	\$ 3,063	\$ 3,926	\$ 6,989
Add: Net remeasurement of loss allowance	( 611)	1,147	536
Less: Amounts written off	-	( 139)	( 139)
Balance at December 31, 2020	<u>\$ 2,452</u>	<u>\$ 5,073</u>	<u>\$ 7,525</u>

**12. INVENTORIES**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Finished goods	\$ 81,421	\$ 72,136
Work in process	9,872	10,184
Raw materials and supplies	<u>175,158</u>	<u>164,970</u>
	<u>\$ 266,451</u>	<u>\$ 247,290</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$ 3,693,613 thousand and \$ 3,653,929 thousand, respectively.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments in Subsidiaries	\$ 1,219,359	\$ 730,829
Investments in Associates	<u>9,892,573</u>	<u>10,077,249</u>
	<u>\$ 11,111,982</u>	<u>\$ 10,808,078</u>

#### a. Investments in Subsidiaries

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Chiayi Concrete Industrial Corporation	\$ 40,619	\$ 40,737
Huanchung Cement International Corporation	112,282	105,232
Kaohsiung Harbor Transport Company	97,490	98,044
Universal Investment Corporation	768,307	315,031
Universal Concrete Industrial Corporation	137,759	106,396
Uneo Incorporated	43,336	45,389
Li Yong Development Corporation.	<u>19,566</u>	<u>20,000</u>
	<u>\$ 1,219,359</u>	<u>\$ 730,829</u>

Proportion of Ownership and Voting Rights Percentage	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Chiayi Concrete Industrial Corporation.	86.63%	86.63%
Huanchung Cement International Corporation.	69.99%	69.99%
Kaohsiung Harbor Transport Company.	100.00%	100.00%
Universal Investment Corporation.	100.00%	100.00%
Universal Concrete Industrial Corporation (note 1)	58.12%	57.19%
Uneo Incorporated.	100.00%	100.00%
Li Yong Development Corporation. (note 2)	100.00%	100.00%

Note 1: Between June and August 2021 and October 2019, the Company acquired 124 thousand shares and 165 thousand shares held by the non-controlling interest of Universal Concrete Industrial Corporation, and increase in shareholding

#### b. Investments in Associates

		<b>December 31</b>	
		<b>2021</b>	<b>2020</b>
Material associate			
Lioho Machine Works Ltd.	\$ <u>10,077,249</u>	\$ 9,810,809	\$ 10,023,459
Associates that are not individually material			
Tainan Concrete Industrial Corporation	<u>53,790</u>	<u>81,764</u>	<u>53,790</u>
	<u>\$ 10,077,249</u>	<u>\$ 9,892,573</u>	<u>\$ 10,077,249</u>
	<u>53,790</u>		

1. Material associates

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Equity	<u>\$ 32,856,494</u>	<u>\$ 33,568,622</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating revenue	<u>\$ 7,518,260</u>	<u>\$ 4,505,629</u>
Net profit for the year	<u>\$ 1,240,141</u>	<u>\$ 2,367,104</u>
Other comprehensive loss	<u>\$ (154,295)</u>	<u>\$ 378,456</u>
Dividends received from Lioho Machine Works Ltd.	<u>\$ 537,489</u>	<u>\$ 358,326</u>

2. Associates that are not individually significant

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Share of the company		
Net profit for the year	\$ 2,594	\$ 969
Other comprehensive income	( 589)	( 464)
Total comprehensive income	<u>\$ 2,005</u>	<u>\$ 505</u>

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
<u>Cost</u>							
Balance at January 1, 2020	\$ 4,474,972	\$ 1,595,995	\$ 3,099,884	\$ 393,831	\$ 726,263	\$ 564,611	\$10,855,556
Additions	-	41,438	65,912	19,886	29,589	5,299	162,124
Disposals	-	( 380)	( 3,432)	( 9,058)	( 22,278)	-	( 35,148)
Reclassification from investment properties							
	<u>\$ 4,879,453</u>	<u>\$ 1,648,906</u>	<u>\$ 3,162,364</u>	<u>\$ 404,659</u>	<u>\$ 733,574</u>	<u>\$ 569,910</u>	<u>\$ 11,398,866</u>
Balance at December 31, 2020							
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2020	-	\$ 1,081,618	\$ 2,959,217	\$ 350,182	\$ 543,590	\$ -	\$ 4,934,607
Depreciation expense	-	20,218	27,393	9,001	15,758	-	72,370
Disposals	-	( 380)	( 3,430)	( 9,058)	( 22,278)	-	( 35,146)
Reclassification from investment properties	-	12,097	-	-	-	-	12,097
Impairment loss	-	-	-	-	7	-	7
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 1,113,553</u>	<u>\$ 2,983,180</u>	<u>\$ 350,125</u>	<u>\$ 537,077</u>	<u>\$ -</u>	<u>\$ 4,983,935</u>
Carrying amounts at December 31, 2020	<u>\$ 4,879,453</u>	<u>\$ 535,353</u>	<u>\$ 179,184</u>	<u>\$ 54,534</u>	<u>\$ 196,497</u>	<u>\$ 569,910</u>	<u>\$ 6,414,931</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 4,879,453	\$ 1,648,906	\$ 3,162,364	\$ 404,659	\$ 733,574	\$ 569,910	\$11,398,866
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	<u>\$ 4,387,508</u>	<u>\$ 2,007,469</u>	<u>\$ 3,220,248</u>	<u>\$ 502,981</u>	<u>\$ 748,464</u>	<u>\$ 819,290</u>	<u>\$11,685,960</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 1,113,553	\$ 2,983,180	\$ 350,125	\$ 537,077	\$ -	\$ 4,983,935
Depreciation expense	-	22,619	33,272	20,006	19,118	-	95,075
Disposals	-	( 12)	( 6,660)	( 5,812)	( 10,336)	-	( 22,820)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 1,136,160</u>	<u>\$ 3,009,792</u>	<u>\$ 364,379</u>	<u>\$ 545,859</u>	<u>\$ -</u>	<u>\$ 5,056,190</u>
Carrying amounts at December 31, 2021	<u>\$ 4,387,508</u>	<u>\$ 871,309</u>	<u>\$ 210,456</u>	<u>\$ 138,602</u>	<u>\$ 202,605</u>	<u>\$ 819,290</u>	<u>\$ 6,629,770</u>

Part of the equipment of the company's building materials business department has been idle, and the estimated future recoverable amount is less than the book amount.; therefore, the Company recognized an impairment loss of NT\$103,012 thousand and included it under the item of non-operating expenses during 2020.

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

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

Buildings	
Main buildings	20-60 years
Outbuildings and construction	2-16 years
Engineering systems	9-16 years
Machinery and equipment	2-17 years

Transportation equipment  
Other equipment

2-7 years  
2-20 years

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amounts</u>		
Buildings	\$ 31,206	\$ 19,658
Machinery	<u>8,117</u>	<u>7,349</u>
	<u>\$ 39,323</u>	<u>\$ 27,007</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets (Note)	<u>\$ 31,491</u>	<u>\$ 12,780</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 16,033	\$ 17,236
Machinery	<u>3,088</u>	<u>2,958</u>
	<u>\$ 19,121</u>	<u>\$ 20,194</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amounts</u>		
Current	<u>\$ 16,897</u>	<u>\$ 16,897</u>
Non-current	<u>\$ 10,315</u>	<u>\$ 10,315</u>

Ranges of discount rates for lease liabilities were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Buildings	0.9%	0.9%
Machinery	0.9%~1%	0.9%~1%

### c. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	<u>\$ 3,812</u>	<u>\$ 2,268</u>
Expenses relating to low-value assets leases	<u>\$ 208</u>	<u>\$ 218</u>
Total cash outflow for leases	<u>\$ 23,401</u>	<u>\$ 22,923</u>

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

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1 , 2020	\$ 658,128	\$ 135,894	\$ 794,022
Disposals	( 13,708)	( 7,439)	( 21,147)
Reclassification to property, plant and equipment	( <u>404,481</u> )	( <u>11,853</u> )	( <u>416,334</u> )
Balance at December 31, 2020	<u>\$ 239,939</u>	<u>\$ 116,602</u>	<u>\$ 356,541</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1 , 2020			
Depreciation expense	\$ 61,135	\$ 114,190	\$ 175,325
Disposals	-	647	647
Reclassification to property, plant and equipment		( 1,362)	( 1,362)
	<u>-</u>	( <u>12,097</u> )	( <u>12,097</u> )
Balance at December 31, 2021	<u>\$ 61,135</u>	<u>\$ 101,378</u>	<u>\$ 162,513</u>
Carrying amounts at December 31, 2020	<u>\$ 178,804</u>	<u>\$ 15,224</u>	<u>\$ 194,028</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 239,939	\$ 116,602	\$ 356,541
Disposals	210		210
Reclassification to property, plant and equipment	<u>491,945</u>	<u>                    </u>	<u>491,945</u>
Balance at December 31, 2021	<u>\$ 732,094</u>	<u>\$ 116,602</u>	<u>\$ 848,696</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2021	\$ 61,135	\$ 101,378	\$ 162,513
Depreciation expense	-	567	567
Balance at December 31, 2021	<u>\$ 61,135</u>	<u>\$ 101,945</u>	<u>\$ 163,080</u>
Carrying amounts at December 31, 2021	<u>\$ 670,959</u>	<u>\$ 14,657</u>	<u>\$ 685,616</u>

(Concluded)

As of December 31, 2021 and 2020, the Company has not yet completed the property registration of the land amounting to \$95,548 thousand and \$95,338 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, 2021 and 2020 were \$1,564,230 thousand and \$1,478,067 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, 2021 and 2020 was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Year 1	\$ 5	\$ 5
Year 2	4	4
Year 3	1	4
Year 4	8	5
Year 5	9	<u>6</u>
Year 5 onwards	<u>16,923</u>	<u>4</u>
		<u>\$ 22,68</u>

## 17. OTHER INTANGIBLE ASSETS

	<b>Patents</b>	<b>Licenses and Franchises</b>	<b>Trademarks</b>	<b>Computer Software</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2020	\$ 7,777	\$ 5,000	\$ 20	\$ 1,839	\$ 14,636
Additions	<u>173</u>	<u>-</u>	<u>-</u>	<u>1,497</u>	<u>1,670</u>
Balance at December 31, 2020	<u>\$ 7,950</u>	<u>\$ 5,000</u>	<u>\$ 20</u>	<u>\$ 3,336</u>	<u>\$ 16,306</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2020	\$ 3,719	\$ 2,632	\$ 7	\$ 826	\$ 7,184
Amortization expense	<u>588</u>	<u>237</u>	<u>2</u>	<u>684</u>	<u>1,511</u>
Balance at December 31, 2020	<u>\$ 4,307</u>	<u>\$ 2,869</u>	<u>\$ 9</u>	<u>\$ 1,510</u>	<u>\$ 8,695</u>
Carrying amounts at December 31, 2020	<u>\$ 3,643</u>	<u>\$ 2,131</u>	<u>\$ 11</u>	<u>\$ 1,826</u>	<u>\$ 7,611</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 7,950	\$ 5,000	\$ 20	\$ 1,839	\$ 14,636
Additions	208	773	-	2,462	3,443



Disposals		<u>( 11)</u>			<u>( 11)</u>
Balance at December 31, 2021	<u>\$ 8,158</u>	<u>\$ 5,762</u>	<u>\$ 20</u>	<u>\$ 5,798</u>	<u>\$ 19,738</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2021	\$ 4,307	\$ 2,869	\$ 9	\$ 1,510	\$ 8,695
Amortization expense	<u>563</u>	<u>999</u>	<u>2</u>	<u>1,428</u>	<u>2,992</u>
Balance at December 31, 2021	<u>\$ 4,870</u>	<u>\$ 3,868</u>	<u>\$ 11</u>	<u>\$ 2,938</u>	<u>\$ 11,687</u>
Carrying amounts at December 31, 2021	<u>\$ 3,288</u>	<u>\$ 1,894</u>	<u>\$ 9</u>	<u>\$ 2,860</u>	<u>\$ 8,051</u>

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

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

## 18. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 1,780,000</u>	<u>\$ 1,285,000</u>

The range of interest rates was 0.82% - 0.85% and 0.85% - 0.9% per annum as of December 31, 2021 and 2020.

### b. Short-term bills payable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Commercial papers	\$ 1,060,000	\$ 1,040,000
	<u>70</u>	<u>71</u>
Less: Unamortized discount on bills payable	<u>\$ 8</u>	<u>\$ 6</u>
	<u>\$ 1,059,292</u>	<u>\$ 1,039,284</u>

The Company did not provide any collateral over these balance.

Outstanding short-term bills payable as follows:

<u>Promissory Institutions</u>	<u>Nominal Amount</u>	<u>Discount Amount</u>	<u>Carrying Value</u>	<u>Interest Rate</u>
<u>December 31, 2021</u>				
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.	<u>300,000</u>	<u>159</u>	<u>299,841</u>	0.808%
	<u>\$ 1,060,000</u>	<u>\$ 708</u>	<u>\$ 1,059,292</u>	

December 31, 2020

Taiwan Finance Co., Ltd.	\$ 240,000	\$ 158	\$ 239,842	0.858%
Ta Ching Bills Finance Co., Ltd.	200,000	156	199,844	0.888%
Taiwan Cooperative Bills Finance Co., Ltd.	300,000	197	299,803	0.858%
Mega Bills Finance Co., Ltd.	<u>300,000</u>	<u>205</u>	<u>299,795</u>	0.888%
	<u>\$ 1,040,000</u>	<u>\$ 716</u>	<u>\$ 1,039,284</u>	

## 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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payable		
Payable for salaries or bonus	\$ 89,241	\$ 84,809
Payable for freight	39,561	30,878
Payable for remuneration to directors	25,157	22,946
Payable for remuneration to employees	20,860	22,946
Payable for promotion service fee	20,860	24,697
Payable for equipment	13,912	21,021
Payable for taxes	10,375	16,780
Payable for annual leave	7,609	7,609
Payable for utility bills	5,495	5,786
Others	<u>25,757</u>	<u>30,737</u>
	<u>\$ 258,827</u>	<u>\$ 268,209</u>
Other liabilities		
Temporary receipts	\$ 18,490	\$ 18,586
Others	<u>100</u>	<u>96</u>
	<u>\$ 18,590</u>	<u>\$ 18,682</u>

## 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 2%~3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligation	\$ 223,889	\$ 249,305
Fair value of plan assets	( <u>186,555</u> )	( <u>183,146</u> )
Net defined benefit liability	<u>\$ 37,334</u>	<u>\$ 66,159</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2020	<u>\$ 246,885</u>	( <u>\$ 163,162</u> )	<u>\$ 83,723</u>
Current service cost	4,083	-	4,083
Net interest expense (income)	<u>1,975</u>	( <u>1,330</u> )	<u>645</u>
Recognized in profit or loss	<u>\$ 6,058</u>	( <u>\$ 1,330</u> )	<u>\$ 4,728</u>
Return on plan assets (excluding amounts included in net interest)	-	( <u>5,695</u> )	( <u>5,695</u> )
Actuarial loss - changes in demographic assumptions	3,927	-	3,927
Actuarial loss - changes in financial assumptions	19,634	-	19,634
Actuarial gain - experience adjustments	( <u>10,154</u> )	-	( <u>10,154</u> )
Recognized in other comprehensive income	<u>13,407</u>	( <u>5,695</u> )	<u>7,712</u>
Contributions from the employer	-	( <u>30,004</u> )	( <u>30,004</u> )
Benefits paid	( <u>17,045</u> )	<u>17,045</u>	-
Balance at December 31, 2020	<u>249,305</u>	( <u>183,146</u> )	<u>66,159</u>

Current service cost	3,590	-	3,590
Net interest expense (income)	<u>873</u>	( <u>652</u> )	<u>221</u>
Recognized in profit or loss	<u>\$ 4,463</u>	( <u>\$ 652</u> )	<u>\$ 3,811</u>
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	( <u>3,379</u> )	<u>-</u>	( <u>3,379</u> )
Recognized in other comprehensive income	<u>(7,419)</u>	( <u>2,629</u> )	<u>(10,048)</u>
Contributions from the employer	-	( 22,588)	( 22,588)
Benefits paid	( <u>22,460</u> )	<u>22,460</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 223,889</u>	( <u>\$ 186,555</u> )	<u>\$ 37,334</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 2,281	\$ 2,822
Selling and marketing expenses	612	757
General and administrative expenses	791	992
	<u>12</u>	<u>15</u>
Research and development expenses	<u>7</u>	<u>7</u>
	<u>\$ 3,811</u>	<u>\$ 4,728</u>

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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate	0.75%	0.35%

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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate		
0.5% increase	( \$ <u>9,546</u> )	( \$ <u>10,745</u> )
0.5% decrease	<u>\$ 10,172</u>	<u>\$ 11,482</u>
Expected rate of salary increase		
0.5% increase	<u>\$ 9,575</u>	<u>\$ 10,761</u>
0.5% decrease	<u>( \$ 9,090 )</u>	<u>( \$ 10,191 )</u>

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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The expected contributions to the plan for the next year	<u>\$ 6,000</u>	<u>\$ 6,000</u>
The average duration of the defined benefit obligation	8 years	8 years

## 22. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Number of shares authorized (thousands)	<u>653,609</u>	<u>653,609</u>
Shares authorized	<u>\$ 6,536,092</u>	<u>\$ 6,536,092</u>
Number of shares issued and fully paid (in thousands)	<u>653,609</u>	<u>653,609</u>
Shares issued	<u>\$ 6,536,092</u>	<u>\$ 6,536,092</u>

### b. Capital surplus

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>May be used to offset a deficit, distributed as cash</u>		

<u>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.	945	418
<u>May be used to offset a deficit only</u>		
Share of changes in capital surplus of associates	21,920	21,315
Overdue dividends not collected by shareholders	<u>22,479</u>	<u>22,483</u>
	<u>\$ 66,95</u>	<u>\$ 65,82</u>
	<u>0</u>	<u>2</u>

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 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.

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

The appropriations of 2020 and 2019 earnings have been approved in the shareholders' meetings on June 28, 2021 and June 15, 2020, respectively. The appropriations and dividends per share were as follows:

	<u>2020</u>	<u>2019</u>
Legal reserve	<u>\$ 115,575</u>	<u>\$ 113,548</u>
Cash dividends	<u>\$ 718,970</u>	<u>\$ 653,609</u>
Cash dividends per share (NT\$)	\$ 1.1	\$ 1

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 28, 2022. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 108,808	
Cash dividends	653,609	\$ 1

The appropriation of earnings for 2021 will subject to the resolution of the shareholders' meeting.

d. Special reserves

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
First-time adoption IFRSs	<u>\$ 3,185,793</u>	<u>\$ 3,185,793</u>

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

	<b>For the year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (892,298)	\$ (1,006,436)
Share of exchange difference of associates accounted for using the equity method	<u>(53,545)</u>	<u>114,138</u>
Balance at December 31	<u>\$ (945,843)</u>	<u>\$ (892,298)</u>

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

	<b>For the year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 1,396,993	\$ 1,342,691
Recognized for the year		
Unrealized gain (loss) - equity instruments	199,183	(28,404)
Share from associates accounted for using the equity method	<u>42,696</u>	<u>(1,532)</u>
Other comprehensive income	241,879	(29,936)
The cumulative profit or loss arising from the disposals of equity instruments is transferred to retained earnings.	<u>                    </u>	<u>84,238</u>
Balance at December 31	<u>\$ 1,638,872</u>	<u>\$ 1,396,993</u>

3) Remeasurement of defined benefit plans

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>

Balance at January 1	\$ 51,052	\$ 56,069
Changes in tax rate		
Remeasurement of defined benefit plans	10,048	(7,712)
Remeasurement on defined benefit plans related income tax	335	1,542
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	<u>8,285</u>	<u>1,186</u>
Balance at December 31	<u>\$ 69,720</u>	<u>\$ 51,052</u>

4) Other equity items

	<b>For the Year Ended December 31</b>	
	2021	2020
Balance at January 1	( \$ 17,217 )	\$ -
Share of associates accounted for using the equity method (Note)	<u>-</u>	<u>( 17,217 )</u>
Balance at December 31	( <u>\$ 17,217</u> )	( <u>\$ 17,217</u> )

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

## 23. REVENUE

	<b>For the Year Ended December 31</b>	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 4,829,439</u>	<u>\$ 4,495,516</u>

a. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	2021	2020
Concrete	\$ 3,338,771	\$ 3,057,455
Cement	677,812	685,331
Gypsum Board panels	787,072	742,434
Other	<u>22,784</u>	<u>10,296</u>
	<u>\$ 4,826,439</u>	<u>\$ 4,495,516</u>

b. Contract balances

	<b>December 31</b>		<b>January 1</b>
	2021	2020	2020
Accounts receivables (Including related parties)	<u>\$1,432,859</u>	<u>\$1,210,662</u>	<u>\$1,101,316</u>
Contract assets - current			
Sale of goods	\$ 3,181	\$ 6,973	\$ 4,381
Less: Allowance for impairment	<u>636</u>	<u>1,395</u>	<u>876</u>



loss	<u>2,545</u>	<u>5,578</u>	<u>3,505</u>
Contract assets from related parties			
Sale of goods	5,546	5,285	10,933
Less: Allowance for impairment loss	<u>1,109</u>	<u>1,057</u>	<u>2,187</u>
	<u>4,437</u>	<u>4,228</u>	<u>8,746</u>
	<u>\$ 6,982</u>	<u>\$ 9,806</u>	<u>\$ 12,251</u>
Contract liabilities - current			
Sale of goods	<u>\$ 1,224</u>	<u>\$ 565</u>	<u>\$ 4,976</u>

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.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Expected credit loss rate	20%	20%
Gross carrying amount of retention receivable	\$ 8,72	\$ 12,25
	7	8
Allowance for impairment loss (Lifetime ECLs)	( <u>1,745</u> )	( <u>2,45</u> )
	2	2
	<u>\$ 6,98</u>	<u>\$ 9,80</u>
	<u>2</u>	<u>6</u>

## 24. PROFIT BEFORE INCOME TAX

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	\$ 63	\$ 182
Related parties loans	<u>78</u>	<u>91</u>
	<u>\$ 141</u>	<u>\$ 273</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Dividend income	\$ 142,112	\$ 137,256
Rental income - investment properties (note 15)	16,566	16,568
Remuneration of directors	9,027	9,479
Others	<u>10,088</u>	<u>15,588</u>
	<u>\$ 177,733</u>	<u>\$ 178,891</u>

### c. Other gains and losses

**For the Year Ended December 31**

	<b>2021</b>	<b>2020</b>
Net foreign exchange gains and losses	( \$ 488 )	( \$ 142 )
Gain (loss) on disposal of property, plant and equipment	( 17 )	328
Disposal of investment property interests		8,579
Disposal of benefits of intangible assets interest in financial assets	2,989	
Mandatory financial assets at fair value through profit or loss	491	
Asset impairment loss	( 6,286	
development and design expenditure	))	( 103,012)
	( <u>6,233</u>	( <u>4,680</u>
Others	))	))
	( <u>\$ 9,544</u>	( <u>\$ 98,927</u>
	))	))

d. Interest expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on loans	\$ 20,690	\$ 22,748
Interest on lease liabilities	<u>249</u>	<u>296</u>
	<u>\$ 20,939</u>	<u>\$ 23,044</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 95,075	\$ 72,370
Right-of-use assets	19,121	20,194
Investment properties	567	647
Intangible assets	<u>2,992</u>	<u>1,511</u>
	<u>\$ 117,755</u>	<u>\$ 94,722</u>
 An analysis of depreciation - by function		
Operating costs	\$ 92,869	\$ 72,112
Operating expenses	21,327	20,452
Others (as non-operating income and expense)	<u>567</u>	<u>647</u>
	<u>\$ 114,763</u>	<u>\$ 93,211</u>
 An analysis of amortization - by function		
Operating costs	\$ 204	
Operating expenses	<u>2,788</u>	1,511
	<u>\$ 2,992</u>	<u>\$ 1,511</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term benefits		
Salaries	\$ 371,346	\$ 357,150
Labor and health insurance	35,254	32,471
Others	<u>38,552</u>	<u>41,856</u>
	<u>445,152</u>	<u>431,477</u>
Post-employment benefits		
Defined contribution plans	14,269	12,762
Defined benefit plans (Note 20)	<u>3,811</u>	<u>4,728</u>
	<u>18,080</u>	<u>17,490</u>
	<u>\$ 463,232</u>	<u>\$ 448,967</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of employee benefits expense - by function		
Operating costs	\$ 293,478	\$ 281,652
Operating expenses	<u>169,754</u>	<u>167,315</u>
	<u>\$ 463,232</u>	<u>\$ 448,967</u>

(Concluded)

g. Employees' compensation and remuneration of directors

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

The employees' compensation and remuneration of directors for the year ended December 31, 2021 and 2020 have been approved on March 23, 2022 and March 23, 2021, respectively as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Employees' compensation	1.68%	1.73%
Remuneration of directors	1.68%	1.73%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Employees' compensation	<u>\$ 20,860</u>	<u>\$ 22,946</u>
Remuneration of directors	<u>\$ 20,860</u>	<u>\$ 22,946</u>

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, 2020 and 2019.

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 120,704	\$ 46,326
Income tax on unappropriated earnings	7,953	16,152
	( 4,200 )	( 23,602 )
Adjustments for prior years	)) 124,457	)) 38,876
Deferred tax		
In respect of the current year	6,673	( 4,739 )
	( 18,107 )	))
Adjustments for prior years	)) 11,434	)) 4,739
	))	))
	<u>\$ 113,02</u>	<u>\$ 34,13</u>
	<u>3</u>	<u>7</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<u>\$ 1,201,101</u>	<u>\$ 1,281,389</u>
Income tax expense calculated at the statutory rate	\$ 240,220	\$ 256,278
Nondeductible expenses in determining taxable income	( 84,628 )	( 150,86 )
Realized investment loss	-	( 47,628 )
Tax-exempt income	( 28,704 )	( 28,409 )
Temporary difference	489	12,002
Land value increment tax	-	207
Income tax on unappropriated earnings	7,953	16,152
Adjustments for prior years' tax	( 22,307 )	( 23,602 )
	<u>\$ 113,023</u>	<u>\$ 34,137</u>

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Deferred tax</u>		

In respect of the current year

Remeasurement of defined benefit plans \$ 335 \$ 1,542

c. Current tax liabilities

**For the Year Ended December 31**  
**2021** **2020**

Income tax payable \$ 107,052 \$ 46,077

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, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred Tax Assets</u>				
Temporary differences				
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
	<u>\$ 5,344</u>	<u>\$ 11,358</u>	<u>\$ -</u>	<u>\$ 16,702</u>
<u>Deferred Tax Liabilities</u>				
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)	-	-
	<u>\$ 1,089,408</u>	<u>(\$ 76)</u>	<u>(\$ 335)</u>	<u>\$ 1,088,997</u>

For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred Tax Assets</u>				
Payment received in advance				
Unrealized foreign exchange loss	\$ 544	(\$ 144)	\$ -	\$ 400
Unrealized for promotion service	61	( 57)	-	4
Payment received in advance	-	4,940	-	4,940

\$	<u>605</u>	\$	<u>4,739</u>	\$	<u>-</u>	\$	<u>5,344</u>
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Deferred Tax Liabilities

Temporary differences								
Land value increment tax	\$	1,082,113	\$	-	\$	-	\$	1,082,113
Defined benefit obligation		8,761		-	(	1,542)		7,219
Cash surrender value of life insurance		<u>76</u>		<u>-</u>		<u>-</u>		<u>76</u>
	\$	<u>1,090,950</u>	\$	<u>-</u>	(	<u>\$ 1,542</u> )	\$	<u>1,089,408</u>

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

	<u>December 31</u>			
	<u>2021</u>	<u>2020</u>		
Deductible temporary differences				
Allowance for impaired inventories	\$	34,027	\$	125,979
Net defined benefit obligation		-		17,115
Impairment losses on assets		<u>281,199</u>		<u>188,495</u>
	\$	<u>315,226</u>	\$	<u>331,589</u>

- g. Income tax examinations

The tax returns of the Corporation through 2019 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:

<u>Net Profit for the Year</u>	<u>For the Year Ended December 31</u>			
	<u>2021</u>	<u>2020</u>		
Profit for the year	\$	<u>1,088,078</u>	\$	<u>1,247,252</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
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	<u>1,197</u>	<u>1,311</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>\$ 654,806</u>	<u>\$ 654,920</u>

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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

I From June to August 2021 and in June 2021, the Group acquired shares held by the non-controlling interest of Universal Concrete, and its shareholding increased from 58.06% to 58.99% and 56.81% to 58.06% respectively.

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

## **28. CASH FLOWS INFORMATION**

Cash used in obtaining property, plant and equipment by the Company during 2021 and 2020 was as below:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Increase in property, plant and equipment	\$ 802,090	\$ 162,124
Payables on equipment	7,109	( 20,969)
Prepaid on equipment	<u>( 617,665)</u>	<u>11,161</u>
Total cash paid	<u>\$ 191,534</u>	<u>\$ 152,316</u>

## **29. 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.

## **30. 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, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Listed shares	\$ <u>6,866</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,866</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 1,851,633	\$ -	\$ -	\$ 1,851,633
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,419,292</u>	<u>1,419,292</u>
	<u>\$ 1,851,633</u>	<u>\$ -</u>	<u>\$ 1,419,292</u>	<u>\$ 3,270,925</u>

December 31, 2020

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

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.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 1,419,292	\$ 1,349,156



Recognized in other comprehensive income (unrealized valuation gain or loss on financial assets at fair value through other comprehensive income)	19,594	91,175
Share capital returned for liquidation	-	( 21,039)
Balance at December 31	<u>\$ 1,438,886</u>	<u>\$ 1,419,292</u>

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

<u>Category of financial instrument</u>	<u>Measurement technique and input value</u>
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

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Measured at fair value through profit or loss – mandatory measured at fair value through profit or loss	\$ 6,866	\$ -
Financial assets at amortized cost (1)	1,648,867	1,351,698
Financial assets at FVTOCI		
Equity instruments	3,791,146	3,270,925
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	3,728,810	3,124,797

- 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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 4,774	\$ 15,262
Financial liabilities	1,098,809	1,066,496
Cash flow interest rate risk		
Financial assets	92,773	97,619
Financial liabilities	1,780,000	1,285,000

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 held by the Group calculated by \$ 2,081,210 thousand and \$ 1,851,633 thousand, had been 1%

higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2021 and 2020 would have increased/decreased by \$ 20,812 thousand and \$ 18,516 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 2021 and 2020, the maximum exposure of the Company for engaging in endorsement/guarantee was NT\$100,000 thousand and NT\$282,000 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, 2021

	<b>On Demand or Less than 3 Month</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Year</b>
<u>Non-derivative financial liabilities</u>			
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	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>\$3,826,547</u>	<u>\$ 9,849</u>	<u>\$ 35,282</u>

December 31, 2020

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

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, 2021 and 2020, the Company has loan commitments \$ 1,779,559 thousand, and \$ 1,718,439 thousand, respectively.

### 31. 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

<b>Related Party Name</b>	<b>Relationships of the Company</b>
CHC Resources Corp.	The key management of the Company serves as a member of its board directors

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

b. Sales of goods

Account Items	Related Parties Category	For the Year Ended December 31	
		2021	2020
Sales revenue	The key management of the Company serves as a member its board of directors	\$ 62,364	\$ 65,595
	Other related parties	52,864	84,737
	Subsidiaries	<u>22,784</u>	<u>10,296</u>
		<u>\$ 138,012</u>	<u>\$ 160,628</u>

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	
	2021	2020
The Company is the key management of the company	<u>\$ 217,957</u>	<u>\$ 221,766</u>

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	
	2021	2020
The key management of the Company serves as a member its board of directors		
Pan Asia Corp.	\$ 5,546	\$ 5,285
Less: Allowance for impairment loss	<u>1,109</u>	<u>1,057</u>

e. Receivables from related parties (Excluding contract assets) \$ 4,437      \$ 4,228

Account Items	Related Parties Category / Name	December 31	
		2021	2020
Accounts receivable from related parties	Related parties	\$ 26,432	\$ 45,681
	The key management of the Company serves as a member of its board of directors	5,309	5,172
	Subsidiaries	5,013	1,458
	Less: Allowance for impairment loss	<u>12</u>	<u>3</u>
		<u>\$ 36,742</u>	<u>\$ 52,308</u>

The outstanding receivables from related parties are unsecured.

f. Payables to related parties

Account Items	Related Parties Category	December 31	
		2021	2020
Notes payable - related parties	The key management of the Company serves as a member of its board of directors	\$ 26,611	\$ 39,455
	Subsidiaries	<u>13,918</u>	<u>13,207</u>
		<u>\$ 40,529</u>	<u>\$ 52,662</u>
Accounts payable -related parties	Subsidiaries	<u>\$ 19,203</u>	<u>\$ 16,041</u>

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 2021 and is renewed until August 2026. The concrete plant is for business use.

Related Parties Category	For the Year Ended December 31	
	2021	2020
Acquisitions of Right - of - use assets Associates		
Tainan Concrete Industrial Corp.	<u>\$ 25,785</u>	<u>\$ -</u>

Line Item	Related Party Category	December 31	
		2021	2020
Lease liabilities	Associates- Tainan Concrete Industrial Corp. Subsidiaries	\$ 25,785	\$ 3,341
		717	1,165
		<u>\$ 26,502</u>	<u>\$ 4,596</u>

Line Item	Related Party Category	For the Year Ended December 31	
		2021	2020
Interest expense	Associates- Tainan Concrete Industrial Corp. Subsidiaries	\$ 88	\$ 52
		8	5
		<u>\$ 96</u>	<u>\$ 57</u>

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	
	2021	2020
The Company holding the position as chief management of another company	\$ 3,207	\$ 8,705
Another company holding the position as chief management of the Company	23	46
Subsidiary corporation	144	540
	<u>\$ 3,374</u>	<u>\$ 9,291</u>

Total lease revenue is summarized as follows:

Related Party Category / Name	For the Year Ended December 31	
	2021	2020
The Company holding the position as chief management of another company	\$ 5,498	\$ 5,498
Another company holding the position as chief management of the Company	23	23
Subsidiary corporation	396	396
	<u>\$ 5,917</u>	<u>\$ 5,917</u>

i. Loan to related parties

<u>Line Item</u>	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Other receivables</u>		
Universal Concrete Industrial Corp	\$ 20,000	\$ -
Universal Investment Corp	\$ 85,000	\$ -

<u>Line Item</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Interest income</u>		
Uneo Inc.	\$ -	\$ 91
Universal Concrete Industrial Corp	\$ 78	\$ -

The Company provided an insecure short-term loan to its subsidiary; interests accrued at 1% and 1.1% based on the actual utilization amount during 2021 and 2020, 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:

<u>Category/name of associates</u>	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Subsidiary</u>		
Universal Concrete Industrial Corp	\$ 120,000	\$ 120,000
Universal Investment Corp	400,000	250,000
Uneo Incorporated	50,000	50,000
	<u>\$ 570,000</u>	<u>\$ 420,000</u>

Endorsement/guarantee acquired

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

<u>Category/name of associates</u>	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Subsidiary</u>		
Kaohsiung Wharf Transportation	\$ 319,928	\$ 273,468
Universal Investment	279,816	107,784
	<u>\$ 599,744</u>	<u>\$ 381,252</u>



k. Other transactions with related parties

1) Freight expense

<u>Line item</u>	<u>Category/name of associates</u>	<u>For the Year Ended December 31</u>	
		<u>2021</u>	<u>2020</u>
Cost of sales -freight expenses	Subsidiary		
	Kaohsiung Wharf Transportation	<u>\$ 217,512</u>	<u>\$ 207,687</u>
Cost of marketing - freight expenses	Subsidiaries	<u>\$ 14,360</u>	<u>\$ 12,038</u>

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

<u>Category/name of associates</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary	<u>\$ 15,042</u>	<u>\$ 13,035</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 33,975	\$ 32,698
Post-employment benefits	<u>316</u>	<u>362</u>
	<u>\$ 34,291</u>	<u>\$ 33,060</u>

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

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Pledge deposits</u>		
Current	\$ 67	\$ 67
Non-current	<u>4,707</u>	<u>10,488</u>
	<u>\$ 4,774</u>	<u>\$ 10,555</u>

### 33. 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, 2021 and 2020 were as follows:

- a. Unrecognized commitments are as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Acquisition of property, plant and equipment	<u>\$ 82,593</u>	<u>\$ 104,499</u>

- b. As of December 31, 2021 and 2020, the promissory notes were \$ 104,183 thousand and \$ 96,499 thousand, respectively. These notes were provided as engineering performance bond, which could be refunded when the guarantee is terminated.
- c. As of December 31, 2021 and 2020, unused letters of credit for purchase of raw materials amounting to \$26,756 thousand and \$ 6,561 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 2020. 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.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
<u>Financial assets</u>			
Monetary items			
USD	\$ 285	27.68	\$ 7,871
RMB	902	4.344	3,918
EUR	136	31.32	4,244

December 31, 2020

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

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

Functional Currencies	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
USD	27.68(USD : NTD)	(\$ 39)	29.549(USD : NTD)	(\$ 89)
RMB	4.344(RMB : NTD)	( 53)	4.282(RMB : NTD)	43
JPY	0.2405(JPY : NTD)	( 181)	0.2769(JPY : NTD)	19
HKD	3.549(HKD : NTD)	( 4)	3.809(HKD : NTD)	( 7)
EUR	31.32(EUR : NTD)	( <u>211</u> )	33.71(EUR : NTD)	( <u>108</u> )
		( \$ <u>488</u> )		( \$ <u>142</u> )

### 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$ 300 million or 20% of the paid-in capital. (N/A)
- 5) Acquisition of individual real estate at cost of at least NT\$ 300 million or 20% of the paid-in capital. (N/A)

- 6) Disposal of individual real estate at a price of at least NT\$ 300 million or 20% of the paid-in capital. (N/A)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital. (Table 4)
  - 8) Receivables from related parties amounting to at least NT\$ 100 million or 20% of the paid-in capital. (N/A)
  - 9) Trading in derivative instruments. (N/A)
- b. Related information on investees. (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee and investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment from the mainland China area. (N/A)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: (N/A)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: (N/A)
    - c) The amount of property transactions and the amount of the resultant gains or losses: (N/A)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: (N/A)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: (N/A)
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: (N/A)
- d. Information on major shareholders: name, number and percentage of shareholding of shareholders with ownership achieving 5% and above. (Table 6)

## UNIVERSAL CEMENT CORPORATION

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 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	Uneo Incorporated	Other receivables	Yes	\$ 100,000	\$ 100,000	\$ -	1	For short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 7,693,386	\$ 7,693,386
0	The Company	Universal Investment Corporation	Other receivables	Yes	800,000	800,000	85,000	1	For short-term financing	-	Operating capital	-	None	-	7,693,386	7,693,386
0	The Company	Universal Concrete Industrial Corporation	Other receivables	Yes	300,000	300,000	20,000	1	For short-term financing	-	Operating capital	-	Land	185,609	7,693,386	7,693,386

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.

## UNIVERSAL CEMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Endorser / Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed / Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period (Note 6)	Actual Borrowing Amount	Amount Endorsed / Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4, Note 5, Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Uneo Incorporated	(1)	\$ 60,000	\$ 50,000	\$ 50,000	\$ -	\$ -	-	\$ 19,233,465	Y	N	N
		Universal Investment Corporation	(1)	750,000	400,000	400,000	100,000	-	2	19,233,465	Y	N	N
		Universal Concrete Industrial Corporation	(1)	132,329	120,000	120,000	-	-	1	19,233,465	Y	N	N
1	Kaohsiung Harbor Transport Company	Universal Concrete Industrial Corporation	(3)	487,450	166,541	162,241	-	-	166	974,900	N	N	N
		The Company	(2)	487,450	409,929	319,928	-	-	328	974,900	N	Y	N
2	Universal Investment Corporation	Universal Concrete Industrial Corporation	(3)	3,841,535	9,949	-	-	-	-	7,683,070	N	N	N
		The Company	(2)	3,841,535	279,816	279,816	-	-	36	7,683,070	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

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				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	\$ 544,334	2.50	\$ 544,334	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	28,441,983	738,069	0.15	738,069	
	Asia Pacific Telecom Corp.	-	Financial assets at FVTOCI - current	3,277,157	26,938	0.08	26,938	
	CHC Resources Co., Ltd.	The Company serves as a member of its board of directors	Financial assets at FVTOCI - current	17,020,254	771,869	6.85	771,869	
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	13,000,000	271,050	8.72	271,050	
	Creative Sensor Inc.	-	Financial assets at FVTPL - current	273,000	6,866	0.21	6,866	
	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	764,711	8.14	764,711	
	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	513,193	16.44	513,193	
	Universal Venture Capital Co., Ltd.	-	Financial assets at FVTOCI - non - current	1,400,000	11,413	1.16	11,413	
	CTBC Investments Corp.	-	Financial assets at FVTOCI - non - current	3,303,325	139,219	1.05	139,219	
	Kaohsiung Rapid Transit Corp.	-	Financial assets at FVTOCI - non - current	1,286,063	10,350	0.46	10,350	
	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	471	-	471	
	Listed shares							
	Prince Housing & Development Corp.	The president of the Company serves as a member of its board of directors.	Financial assets at FVTOCI - current	34,928,900	468,048	2.15	468,048	
	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	72,795	0.11	72,795	
	Teco Image Systems Co., Ltd.	-	Financial assets at FVTPL - current	602,000	10,234	0.53	10,234	
	Creative Sensor Inc.	-	Financial assets at FVTOCI - non - current	9,000,000	187,650	6.04	187,650	
	Unlisted shares							
Pan Asia (Engineers & Constructors) Corporation.	Subsidiary serves as supervisor	Financial assets at FVTOCI - non-current	3,102,803	37,823	2.71	37,823		
Chinese Products Promotion Center	-	Financial assets at FVTOCI - non-current	7,540	540	1.98	540		

## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				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	27,186	8.06	27,186	
	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	35,939	3.64	35,939	
	Limited partnership Taiwania Capital Buffalo Fund V, LP.	-	Financial assets at FVTPL - non-current	-	22,022	3.23	22,022	



## 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, 2021

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Listed shares Creative Sensor Inc.	Financial assets at FVTPL - current	-	-	-	\$ -	2,067,000	\$ 59,033	1,794,000	\$ 52,658	\$ 51,248	\$ 1,410	273,000	\$ 6,866
	Privately offered shares Creative Sensor Inc.	Financial assets at FVTOCI - non-current	-	-	-	-	13,000,000	305,370	-	-	-	-	13,000,000	271,050
Universal Investment Corporation	Listed shares Creative Sensor Inc.	Financial assets at FVTPL - current	-	-	-	-	230,000	6,599	230,000	6,949	6,599	350	-	-
	Privately offered shares Creative Sensor Inc.	Financial assets at FVTOCI - non-current	-	-	-	-	9,000,000	211,410	-	-	-	-	9,000,000	187,650

## 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, 2021

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Kaohsiung Harbor Transport Company CHC Resources Corp.	Subsidiary  The key management of the Group serves as a member of its board of directors	Purchase (Freight)	\$ 231,872	8	45 ~ 60 days after acceptance	Note	Equivalent	(\$33,121)	(5)	
			Purchase	217,957	8	30 ~ 65 days after acceptance	Equivalent	Equivalent	(26,611)	(4)	

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

## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2021	December 31, 2020	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	\$ 112,282	\$ 17,591	\$ 12,314	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	22,643	22,643	2,252,378	86.63	40,619	(136)	(118)	
	Kaohsiung Harbor Transport Company	Kaohsiung city	Trucking operation	74,580	74,580	7,560,000	100.00	97,490	2,950	2,950	
	Universal Investment Corporation	Taipei city	Investment activities	650,000	250,000	75,000,000	100.00	768,307	9,170	9,170	
	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	33,774	32,284	7,691,411	58.12	137,759	50,220	29,331	
	Uneo Incorporated	Taipei city	Marketing of electronic Products	291,671	291,671	6,000,000	100.00	43,336	(2,053)	(2,053)	
	Li Yong Development Corporation	Taipei city	Investment activities, trading for real estate and leasing business	20,000	20,000	2,000,000	100.00	19,566	(434)	(434)	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	174,997	174,997	89,581,468	29.86	9,810,809	1,240,141	370,306	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete and cement material	68,454	41,454	1,265,000	42.17	81,764	6,348	2,594	
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	179	-	-	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	93	93	1,680	-	93	-	-	

## UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS  
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.

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**SCHEDULE 1****Universal Cement Corporation****STATEMENT OF CASH****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

<u>Item</u>	<u>Amount</u>
Cash on hand	\$ 282
Bank deposits	
Checking accounts	11,814
Demand deposits	75,834
Foreign currency deposits (Note)	<u>16,939</u>
	<u>\$ 104,869</u>

Note: Including US\$ 284,579.23, € 135,509.38, RMB 901,971.86, HK\$ 189,506.33 and JPY 950,954  
(US \$1=NT\$27.68, EUR \$1=NT\$31.32, RMB 1=NT\$4.344, HKD \$1=NT\$3.549 and JPY  
1=NT\$0.2405)

**SCHEDULE 2**

**Universal Cement Corporation**

**STATEMENTS OF FINANCIAL ASSETS AT FVTPL – CURRENT**

**DECEMBER 31, 2021**

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

	Number of shares	Amount	Acquisitio n costs	Fair Value (Note)		Guarantee provided or pledge
				Unit price (NT\$)	Total	
Shares of listed domestic companies Creative Sensor Inc.	273,000	<u>\$ 6,866</u>	<u>\$ 7,785</u>	\$ 25.15	<u>\$ 6,866</u>	None

Note: Please refer to Note 30.

## Universal Cement Corporation

### STATEMENTS OF FINANCIAL ASSETS AT FVTOCI – CURRENT

DECEMBER 31, 2021

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

	Number of shares	Amount	Acquisitio n costs	Fair Value (Note)		Guarante e provided or pledge
				Unit price (NT\$)	Total	
Current						
Shares of listed domestic companies						
Prince Housing & Development Corp.	40,621,948	\$ 544,334	\$ 601,561	\$ 13.40	\$ 544,334	None
CTBC Financial Holding Co., Ltd.	28,441,983	738,069	455,560	25.95	738,069	None
Asia Pacific Telecom Co., Ltd.	3,277,157	26,938	32,772	8.22	26,938	None
CHC Resources Co., Ltd	17,020,254	<u>771,869</u>	<u>108,500</u>	45.35	<u>771,869</u>	None
		<u>\$ 2,081,210</u>	<u>\$ 1,198,393</u>		<u>\$ 2,081,210</u>	

Note: Please refer to Note 30.



**Universal Cement Corporation****STATEMENT OF NOTES RECEIVABLE  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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Name	Amount
Yung Ching Construction Co., Ltd.	\$ 37,256
Kun Yi Building Materials Co., Ltd.	21,263
Others (Note)	<u>336,757</u>
	<u>\$ 395,276</u>

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

**SCHEDULE 5**

**Universal Cement Corporation**

**STATEMENT OF ACCOUNTS RECEIVABLE**  
**DECEMBER 31, 2021**  
**(In Thousands of New Taiwan Dollars)**

Name	Amount
Non-related party	
Futsu Construction Co., Ltd.	\$ 126,294
Kedge Construction Co., Ltd.	49,305
Hung Hsin Building Materials Co., Ltd.	47,642
Others (Note)	780,878
	1,004,119
Less: loss allowance	3,278
	\$ 1,008,841
Related party	
Pan Asia (Engineers & Constructors) Corporation	\$ 26,432
Others (Note)	10,322
	36,754
Less: loss allowance	12
	\$ 36,742

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

**Universal Cement Corporation**

**STATEMENT OF INVENTORIES**  
**DECEMBER 31, 2021**  
**(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Costs	Net realizable value
Finished goods	\$ 81,421	\$ 96,793
Work in progress	9,872	9,872
Raw materials	175,158	177,000
	<u>\$ 266,451</u>	<u>\$ 283,665</u>

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

## Universal Cement Corporation

**STATEMENT OF FINANCIAL ASSETS AT FVOCI-NON-CURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

Name	Opening balance		Increase (decrease) during the year		Unrealized gain or loss on financial assets	Closing balance		Guarantee provided or pledge
	Number of shares	Amount	Number of shares	Amount		Number of shares	Fair value	
Privately offered shares of listed companies								
Creative Sensor Inc.	-	\$ -	13,000,000	\$ 5,370	30 (\$ 34,320)	13,000,000	\$ 1,050	27 None
Shares of unlisted companies								
Universal Venture Capital Co., Ltd	1,400,000	10,040	-	-	1,373	1,400,000	11,413	None
CTBC Investments Corp.	3,303,325	126,197	-	-	13,022	3,303,325	139,219	None
Universal Cement Development Co., Ltd.	24,864,000	532,090	-	-	( 18,897)	24,864,000	513,193	None
Grand Bills Finance Co., Ltd.	43,999,488	739,191	-	-	25,520	43,999,488	764,711	None
Kaohsiung Rapid Transit Corp.	1,286,063	11,774	-	-	( 1,424)	1,286,063	10,350	None
		<u>\$ 1,</u>		<u>\$ 30</u>	<u>( \$ 14,726)</u>		<u>\$ 1,</u>	
		<u>419,292</u>		<u>5,370</u>			<u>709,936</u>	

## Universal Cement Corporation

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

	Opening balance				Gain (loss) on investments	Undistributed earnings	Capital reserve	Actuarial gains (loss) from defined benefit plans	Cumulative translation adjustments	Unrealized gain (loss) on financial products	Closing balance				Guarantee provided or pledge	Note
	Number of shares	Amount	Number of shares	Amount							Number of shares	Shareholding (%)	Amount	Market price or net equity		
Investment in subsidiary																
Huanchung Cement International Corporation	6,999,333	\$ 105,232	-	( \$ 5,109)	\$ 12,314	\$ -	\$ -	( \$ 155)	\$ -	\$ -	6,999,333	69.99	\$ 112,282	\$ 112,282	None	Note 1
Universal Investment Corporation	32,200,000	315,031	42,800,000	400,000	9,170	-	-	-	-	44,106	75,000,000	100	768,307	768,307	None	Note 2
Universal Concrete Industrial Corporation	7,567,546	106,396	123,865	1,490	29,331	-	527	15	-	-	7,691,411	58.12	137,759	137,759	None	Note 3
Kaohsiung Harbor Transport Corporation	7,560,000	98,044	-	( 3,635)	2,950	-	-	131	-	-	7,560,000	100	97,490	97,490	None	Note 1
Chiayi Concrete Industrial Corporation	2,252,378	40,737	-	-	( 118)	-	-	-	-	-	2,252,378	86.63	40,619	40,619	None	
Uneo Incorporated	6,000,000	45,389	-	-	( 2,053)	-	-	-	-	-	6,000,000	100	43,336	43,336	None	
Li Yong Development Corporation	2,000,000	20,000	-	-	( 434)	-	-	-	-	-	2,000,000	100	19,566	19,566	None	
		<u>730,829</u>		<u>392,746</u>	<u>51,160</u>	<u>-</u>	<u>527</u>	<u>( 9)</u>	<u>-</u>	<u>44,106</u>			<u>1,219,359</u>	<u>1,219,359</u>		
Investment in associate																
Lioho Machine Works Co., Ltd.	89,581,468	10,023,459	-	( 537,489)	370,306	-	605	8,294	( 53,545)	( 821)	89,581,468	29.86	9,810,809	9,810,809	None	Note 1
Tainan Concrete Industrial Corporation	1,145,000	53,790	120,000	25,969	2,594	-	-	-	-	( 589)	1,265,000	42.17	81,764	81,764	None	Note 4
		<u>10,077,249</u>		<u>( 511,520)</u>	<u>372,900</u>	<u>-</u>	<u>605</u>	<u>8,294</u>	<u>( 53,545)</u>	<u>( 1,410)</u>			<u>9,892,573</u>	<u>9,892,573</u>		
		<u>\$10,808,078</u>		<u>( \$ 118,774)</u>	<u>\$ 424,060</u>	<u>\$ -</u>	<u>\$ 1,132</u>	<u>\$ 8,285</u>	<u>( \$ 53,545)</u>	<u>\$ 42,696</u>			<u>\$11,111,932</u>	<u>\$11,111,932</u>		

Note 1: The decrease amount during the year was cash dividends received.

Note 2: Number of shares increased during the year was the investee company's capital increase transferred from earnings amounted to 2,800,000 shares and by cash amounted to 40,000,000 shares. The increase amount during the year was the investee company's capital increase by cash amounted to NT\$400,000 thousand.

Note 3: The increase amount during the year was the acquisition of minority equity, and a capital reserve of NT\$527 thousand was recognized.

Note 4: Number of shares increased during the year was the acquisition of 120,000 shares. The increase amount during the year was the acquisition of shares of NT\$27,000 thousand minus cash dividends received NT\$1,030 thousand.

## Universal Cement Corporation

**STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS**  
**DECEMBER 31, 2021**  
(In Thousands of New Taiwan Dollars)

Item	Building	Transportation Equipment	Total
Costs			
Balance at January 1, 2021	\$ 52,736	\$ 10,395	\$ 63,131
Increase during the year	27,585	3,906	31,491
Decrease during the year	( 30,464)	( 1,372)	( 31,836)
Remeasurement	( 4)	( 50)	( 54)
Balance at December 31, 2021	<u>\$ 49,853</u>	<u>\$ 12,879</u>	<u>\$ 62,732</u>
Cumulative depreciation			
Balance at January 1, 2021	\$ 33,078	\$ 3,046	\$ 36,124
Decrease during the year	( 30,464)	( 1,372)	( 31,836)
Depreciation expenses	<u>16,033</u>	<u>3,088</u>	<u>19,121</u>
Balance at December 31, 2021	<u>\$ 18,647</u>	<u>\$ 4,762</u>	<u>\$ 23,409</u>
Carrying amount at December 31,2021	<u>\$ 31,206</u>	<u>\$ 8,117</u>	<u>\$ 39,323</u>

**SCHEDULE 10**

**Universal Cement Corporation**

**STATEMENT OF SHORT-TERM LOANS  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

	Contract period (Note 2)	Rate per annum (%)	Closing balance	Financing limit (Note 1)	Pledge or guarantee
Credit borrowings					
First Commercial Bank	December 24, 2021~ January 21, 2022	0.82	\$ 380,000	\$ 500,000	NONE
Cathay United Bank	September 30, 2021~ March 29, 2022	0.82	200,000	200,000	NONE
Bank of Taiwan	December 2, 2021~ March 2, 2022	0.84	300,000	500,000	NONE
Hua Nan Commercial Bank	December 8, 2021~ March 8, 2022	0.85	300,000	300,000	NONE
Yuanta Leasing Co., Ltd.	November 19, 2021~ February 17, 2022	0.82	300,000	300,000	NONE
Taishin International Bank	December 30, 2021~ January 27, 2022	0.83	<u>300,000</u>	300,000	NONE
			<u>\$1,780,000</u>		

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

Note 2: Refers to the period of utilization.

**SCHEDULE 11****Universal Cement Corporation****STATEMENT OF ACCOUNTS PAYABLE  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<u>Name of the supplier</u>	<u>Amount</u>
Non-related party	
Taiwan Cement Corp.	\$ 181,430
Shiny Gravel Corp.	59,521
Gaotai Gravel Corp.	50,787
Fu Cheng Development Corp.	31,534
Others (Note)	<u>258,063</u>
	<u>\$ 581,335</u>
Related party	
China Hi-Ment Co., Ltd	\$ 26,611
Kaohsiung Wharf Transportation	<u>13,918</u>
	<u>\$ 40,529</u>

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



SCHEDULE 12

Universal Cement Corporation

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Lease period	Discount rate (%)	Closing balances
Building	Central Office	April 1, 2020~ March 31, 2025	0.9	\$ 1,258
Building	Southern Office	August 1, 2020~ July 31, 2023	0.9	717
Building	Tainan Concrete Plant	September 1, 2021~ August 31, 2026	0.9	25,786
Building	Fengshan Concrete Plant	September 1, 2015~ August 31, 2022	0.9	3,598
Transportation equipment	Service car for Tainan Office	June 29, 2020~ June 28, 2024	1.0	1,273
Transportation equipment	Service car for headquarters	December 31, 2019~ December 31, 2022	1.0	1,217
Transportation equipment	Service car for headquarters	February 3, 2020~ February 3, 2024	1.0	1,150
Transportation equipment	Service car for headquarters	October 12, 2020~ September 12, 2024	0.9	1,334
Transportation equipment	Service car for headquarters	August 26, 2021~ August 26, 2025	0.9	2,187
Transportation equipment	Service car for Dahu Gypsum Board Plant	December 30, 2020~ November 30, 2025	0.9	<u>997</u>
				<u>\$ 39,517</u>

**Universal Cement Corporation**

**STATEMENT OF NET REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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Item	Quantity	Amount
Cement	273,026.15 tons	\$ 685,059
Concrete	1,546,268 cubic meters	3,340,838
Gypsum board	14,831,622.71 square meters	827,443
Others		<u>22,839</u>
		4,876,179
Less: sales return and discounts		<u>49,740</u>
		<u>\$ 4,826,439</u>

## Universal Cement Corporation

### STATEMENT OF OPERATING COSTS FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials at the beginning of the year	\$ 164,970
Add: Incoming materials during the year	2,256,112
Gain from raw material physical counts	3,110
Less: Raw materials at the end of the year	175,158
Others	<u>17,544</u>
Direct raw materials used	2,231,490
Direct labor	98,446
Manufacturing expenses	<u>797,292</u>
Manufacturing costs	3,127,228
Add: Work in progress at the beginning of the year	10,184
Incoming materials during the year	596,436
Less: Work in progress at the end of the year	9,872
Others	<u>21,981</u>
Cost of finished goods	3,701,995
Add: Finished goods at the beginning of the year	72,136
Excise tax	119,665
Purchase of finished goods	10,346
Others	43,199
Less: Finished goods at the end of the year	<u>81,421</u>
Cost of sales	3,865,920
Add: Unamortized fixed manufacturing expenses	2,483
Less: Revenue from sale of scraps	1,458
Gain from raw material physical counts	<u>3,110</u>
Operating costs	<u><u>\$ 3,863,835</u></u>

## Universal Cement Corporation

### STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 (In Thousands of New Taiwan Dollars)

	Selling and marketing expenses	General and administrativ e expense	R&D expenses	Expected credit loss (gain)	Total
Salaries and wages, bonus, and employee's remuneration	\$ 32,800	\$ 77,261	\$ 33,437	\$ -	\$ 143,498
Freight	34,866	-	2	-	34,868
Commission expenses	5,148	-	-	-	5,148
Contracted research expenses	-	-	4,359	-	4,359
Depreciation	904	19,666	757	-	21,327
Taxation	42	17,713	28	-	17,783
Expected credit gain reversed	-	-	-	( 1,954)	( 1,954)
Test fee	-	-	22,450	-	22,450
Others (Note)	<u>16,588</u>	<u>53,202</u>	<u>15,685</u>	<u>-</u>	<u>85,475</u>
	<u>\$ 90,348</u>	<u>\$ 167,842</u>	<u>\$ 76,718</u>	<u>(\$ 1,954)</u>	<u>\$ 332,954</u>

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

## Universal Cement Corporation

### STATEMENT FOR FUNCTION SUMMARY FOR EMPLOYEE'S BENEFIT, DEPRECIATION, AND AMORTIZATION EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021 and 2020 (In Thousands of New Taiwan Dollars)

Item	FOR THE YEARS ENDED DECEMBER 31, 2021				FOR THE YEARS ENDED DECEMBER 31, 2020			
	Operating costs	Operating expenses	Non-operating income and expenses	Total	Operating costs	Operating expenses	Non-operating income and expenses	Total
Employee's benefit								
Salaries	\$ 253,444	\$ 117,902	\$ -	\$ 371,346	\$ 244,161	\$ 112,989	\$ -	\$ 357,150
Labor and health insurance premium	23,936	11,318	-	35,254	20,310	12,161	-	32,471
Pension	11,891	6,189	-	18,080	11,143	6,347	-	17,490
Director's remuneration	-	25,596	-	25,596	-	28,333	-	28,333
Others	4,207	8,749	-	12,956	6,038	7,485	-	13,523
	<u>\$ 293,478</u>	<u>\$ 169,754</u>	<u>\$ -</u>	<u>\$ 463,232</u>	<u>\$ 281,652</u>	<u>\$ 167,315</u>	<u>\$ -</u>	<u>\$ 448,967</u>
Depreciation	\$ 92,869	\$ 21,327	\$ 567	\$ 114,763	\$ 72,112	\$ 20,452	\$ 647	\$ 93,211
Amortization	\$ 204	\$ 2,788	\$ -	\$ 2,992	\$ -	\$ 1,511	\$ -	\$ 1,511

Note:

- Number of employees for the current year and the previous year was 445 and 424, respectively, in which there were both 4 directors who are not concurrently employees.
- Companies whose shares are listed and traded on TWSE or TPEX shall disclose the following information:
  - Average employee's benefit expenses for the year amounted to NT\$992 thousand ("total employee's benefit expenses for the year – total director's remuneration"/"number of employees for the year – number of directors who are not concurrently employees"). Average employee's benefit expenses for the previous year amounted to NT\$1,002 thousand ("total employee's benefit expenses for the previous year – total director's remuneration"/"number of employees for the previous year – number of directors who are not concurrently employees").
  - Average employee's salary expenses for the year amounted to NT\$842 thousand (total salary expenses for the year/"number of employees for the year – number of directors who are not concurrently employees"). Average employee's salary expenses for the previous year amounted to NT\$850 thousand (total salary expenses for the previous year/"number of employees for the previous year – number of directors who are not concurrently employees").
  - Average adjustments and changes in employee's salary expenses achieved 0.9% ("average employee's salary expenses for the year - average employee's salary expenses for the previous year"/average employee's salary expenses for the previous year).
- The Company has established its Audit Committee, and the Company has no supervisor.
- Salary and remuneration policy:
  - Remuneration shall be provided for directors of the Company in executing the Company's businesses, and the amount shall be subject to its participation in the Company's operations and the value of its contribution. According to the requirements under Article 29 of the Company's articles of association, the remuneration for the Company's chairman, vice-chairman, and directors regarding the execution of their duties shall be determined by the board of directors based on the standards within the industry, taking into account its contribution, performance and the future risks of the Company. Furthermore, according to Article 33, where the Company recorded a profit during the year, the board of directors may resolve to allocate no more than 3% of the abovementioned profit as director's remuneration, which may only be distributed in cash.
  - General manager, vice general manager, assistant managers, and other management of the Company execute the Company's operations according to the orders from the board of directors; their remuneration shall be subject to the requirements of Article 31 of the Company's articles of association and Article 29 of the Company Act. The standards or the management's remuneration shall be determined based on its personal performance and its contribution to the overall operations of the Company, with reference to the payment standards in the market.
  - For directors and management listed in paragraphs (1) and (2) above, their salary and remuneration policy, system, standard, and structure shall be subject to the requirements under the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, and submitted to the Remuneration Committee for review and discussion.
  - The employee's remuneration policy is determined based on personal competency, contribution to the Company, performance, market value of the post, taking into account the future operating risks of the Company, which shall be positively correlated to the operating performance. Where the Company recorded a profit for the year, the Company shall allocate no less than 1% as the employee's remuneration according to the requirements under the Articles of Association. The overall remuneration package for employees primarily includes the fixed basic salaries, bonuses, and benefits. Regarding the payment standards, fixed basic salaries are approved and paid in accordance with the market trend of the post held by employees, bonuses are distributed based on the achievement of the employee's and the department's objectives and the Company's operating performance, while benefits are designed for employees according to the requirements under the laws and regulations, with equal considerations given to the demands of employees.

6.6 The company and its subsidiaries Disclosure to make if the company and its affiliates have experienced financial difficulties in recent fiscal year till the publication date: None.

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2021	2020	Difference	
				Amount	%
Current Assets		5,004,661	4,391,640	613,021	14
Property, plant and equipment		6,890,696	6,680,071	210,625	3
Intangible assets		8,404	8,075	329	4
Other Assets		13,193,061	13,023,150	169,911	1
<b>Total Assets</b>		25,096,822	24,102,936	993,886	4
Current Liabilities		4,245,043	3,795,424	449,619	12
Long-term Liabilities		1,467,303	1,522,159	-54,856	(4)
<b>Total Liabilities</b>		5,712,346	5,317,583	394,763	7
Paid-in capital		6,536,092	6,536,092	0	0
Capital surplus		66,950	65,822	1,128	2
Retained Earnings		11,884,891	11,515,783	369,108	3
Other equity		745,532	538,530	207,002	38
<b>Equity attributed to owners of the parent company</b>		19,233,465	18,656,227	577,238	3
<b>Non-control equity</b>		151,011	129,126	21,885	17
<b>Total Stockholders' Equity</b>		19,384,476	18,785,353	599,123	3
Analysis of changes in financial ratios:					
(1) Other equity: Mainly due to Unrealized gain on financial assets at FVTOCI increased.					

## 7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2021	2020	Difference	%
Operating Revenue	6,079,107	5,426,217	652,890	12
Cost of Sales	4,947,290	4,519,186	428,104	9
Gross Profit	1,131,817	907,031	224,786	25
Operating Expenses	421,615	413,889	7,726	2
Profit from operations	710,202	493,142	217,060	44
Non-operating Income and expenses	530,060	804,372	(274,312)	(34)
Income Before Tax	1,240,262	1,297,514	(57,252)	(4)
Income tax expenses	126,036	37,719	88,317	234
Net profit	1,114,226	1,259,795	(145,569)	(12)
Other comprehensive income	206,946	79,230	127,716	161
Total comprehensive income for the year	1,321,172	1,339,025	(17,853)	(1)
Net profit attributable to owners of the company	1,088,078	1,247,252	(159,174)	(13)
Net profit attributable to non-controlling interests	26,148	12,543	13,605	108
Total comprehensive income attributable to owners of the company	1,295,080	1,326,470	(31,390)	(2)
Total comprehensive income attributable to non-controlling interests	26,092	12,555	13,537	108
Earnings per share	1.66	1.91	-0.25	(13)
Analysis of Financial Performance :				
(1) Gross Profit, Profit from operations and total comprehensive income: Mainly due to the increase in operating revenue.				
(2) Non-operating Income and expenses: Mainly due to the decrease in the recognition of share of profit or loss of associates.				
(3) Income tax expenses: Mainly due to the recognition of realized investment losses during 2020Y.				
(4) Other comprehensive income : Mainly due to the recognition of Unrealized gain on financial assets at FVTOCI.				



## 7.3 Analysis of Cash Flow

### 7.3.1 Cash Flow Analysis for the Current Year

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
\$ 294,665	1,382,211	1,384,844	292,032	-	-
Analysis of change in cash flow in the current year: 1. Operating activities : Mainly because of the profit from business operations. 2. Investing activities : Mainly because of purchasing Financial assets at fair value through other comprehensive income - non-current and property, plant and equipment. 3. Financing activities : Mainly because of dividend distribution by cash.					

### 7.3.2 Remedy for Cash Deficit and Liquidity Analysis

Item \ Year	2021	2020	Variance (%)
Cash Flow Ratio (%)	32.56	26.72	22
Cash Flow Adequacy Ratio (%)	93.99	77.47	21
Cash Reinvestment Ratio (%)	3.01	1.26	139
Increase in cash flow ratio and cash reinvestment ratio: Mainly because of the increase in the inflow of net cash from the operating activities.			

### 7.3.3 Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
\$ 292,032	861,727	775,514	378,245	-	-
1. Operating activities : Mainly because of the profit from business operations. 2. Investing activities : Mainly because of purchasing property, plant and equipment. 3. Financing activities : Mainly because of dividend distribution by cash.					

## 7.4 The effect upon financial operations of any major capital expenditures during the most recent fiscal year

Establishment on the production line in Lu-zhu Gypsum Board Plant and expansion of production system in Da-hu RMC plant has very limited impact on the financial operation of the Company to the extent that it can be fairly omitted.

## 7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

### Investment analysis

Unit: NT\$ thousands

Item	Remarks	Amount (Note 1)	Policies	Causes for Profits or Losses	Improvement Plans
Lio-ho Machine Works Ltd.		9,810,902	Expansion of investment in industry other than the company	The share of profits of the associate was 370,306 thousand, and the cash dividends was 537,499 thousand in 2021.	-
Grand Bills Finance Co., Ltd.		764,711	Expansion of investment in industry other than the company	The cash dividends was 39,600 thousand in 2021.	-
Universal Cement Development Co., Ltd.		513,193	Expansion of investment in industry other than the company	The cash dividends was 12,432 thousand in 2021.	-
Creative Sensor Inc.		465,566	Expansion of investment in industry other than the company	Net loss of the financial assets at fair value through profit or loss was 919 thousand, and the cash dividends was 1,307 thousand in 2021.	-
CTBC Financial Holding Co., Ltd.		738,069	Expansion of investment in industry other than the company	The unrealized gain of the financial assets at fair value through other comprehensive income was 177,762 thousand, and the cash dividends was 29,864 thousand in 2021.	-
CHC Resources Co., Ltd.		771,869	Expansion of investment in industry other than the company	The unrealized loss of the financial assets at fair value through other comprehensive income was 35,743 thousand, and the cash dividends was 34,041 thousand in 2021.	-
Prince Housing & Development Corp.		1,012,382	Expansion of investment in industry other than the company	The unrealized gain of the financial assets at fair value through other comprehensive income was 144,415 thousand, and the cash dividends was 30,220 thousand in 2021.	-

Note 1: As of December 31, 2021, the investment amount exceeded 5% of the paid-in capital.

Investment Plans for the Coming Year: NA.

## 7.6 Risk Assessment: Following aspects for most recent fiscal year till the publication date has been assessed and evaluated.

7.6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. Fluctuation of interest rate: Impact due to fluctuation of interest rate is extremely limited.

Measures to be taken in the future: Will adjust portfolio according to future demand for funds.

2. Fluctuation of exchange rate: Impact due to fluctuation of exchange rate is extremely limited.

Measures to be taken in the future: The company shall keep close look on the impact of fluctuation of exchange rate on the company.

3. Inflation rate: Impact due to inflation is extremely limited.

Measures to be taken in the future: The company shall keep close look on the impact of fluctuation of inflation on the company.

7.6.2 The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The company and its subsidiaries have not engaged in transactions involving high risk, high leveraged and derivative products.

The only loaning of funds made by the company was made to the subsidiaries as the operation capital and has been approved and processed according to “Regulations Governing Loaning of Funds” of the company. The highest balance in the year reported is NTD 1,200 Million; whereas the balance by the end of the year remains the same and the actual credit utilized is NTD 105 Million.

The company has endorsed to other companies pursuant to “Regulations Governing Making of Endorsements/Guarantees” of the company in year of 2021. The highest credit the company endorsed/guaranteed is NTD 570 Million; whereas the actual credit utilized amounted to NTD 100 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 reponse to modern need of sound insulation, the company has also developed sound insulation gypsum board wall with high performance. The company will further develop 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 main product of the company is building material mainly used by construction. The industry of building material is matured and hence the change of technology does not impose adverse impact on the company.

Measures to be taken to respond: The company will increase its effort on the research and development of technology of building material and hope this will contribute to the evolvement to the product of the company.

7.6.6 Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The company has always maintained a positive corporate image.

Measures to be taken: The company will increase its contribution by fulfilling its corporate social responsibility and enhance its capability to respond to public crisis.

7.6.7 Expected benefits and possible risks associated with any merger

and acquisitions, and mitigation measures being or to be taken.  
No transaction of merger was participated by the company in 2021.

Measures taken to respond: To increase awareness on the regulations governing mergers and acquisitions and the cost-and-benefits analysis thereof for possible needs in the future.

7.6.8 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

1. Completion of establishment of production line in Luzhugypsum board plant, Kao-Hsiung.
2. Anticipated benefit. The production capacity of Hai-fu plant has approaching its limit. With the trend of increasing application of green building material by contractors, significant growth of demand for gypsum board is expected soon. New addition of production line in Luzhugypsum board plant will pave way for further breakthrough of building material business.

7.6.9 Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

In addition to slightly higher portion of purchasing from Taiwan Cement Corporation, the procurement from other sources remains low and mostly belongs to raw material needed for the production. This has remain for years and should be considered to be reasonable. No concentration of sales on particular account is identified. Therefore, no risk due to concentration of sales and purchases is considered.

Measures to be taken to respond. Diversified the source of procurement and targets of sales to avoid risk due to concentration.

7.6.10 Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

The directors and major shareholders have not transferred share in significantly large in scale and this helps maintain the stability of the operation of the company.

Measures to be taken to respond. To continue collection of information.

7.6.11 Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

The holding of major shareholders of the company remained stable and no material change or risk to the company is considered.

Measures to be taken to respond. To continue collection of information.

7.6.12 Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report. None.

7.6.13 Other important risks, and mitigation measures being or to be taken. None.

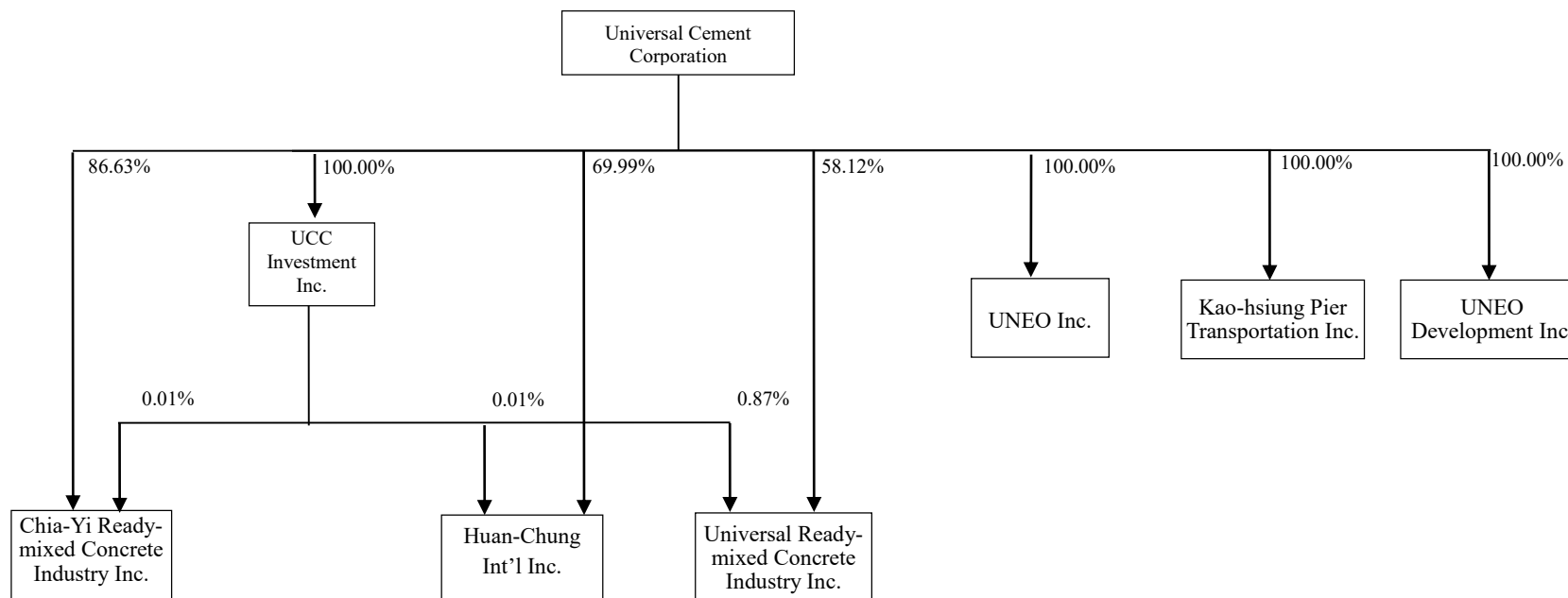
7.7 Other Important Matters: None.

## VIII. Special items to be included

### 8.1 Information related to the Company's affiliates

#### 8.1.1 Consolidated Business Reports Covering Affiliated Enterprises

##### 1. Organization Chart for the Company and its affiliated enterprises. (2021.12.31)



## 2. Profile of Affiliated Enterprises

Dec. 31, 2021  
Unit: '000 NTD

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main item of Operation or Manufacturing.
Chia-Yi Ready-mixed Concrete Industry Inc.	1982.09.14	2 Zhong-xing Rd., Jia-tai Industrial Zone, Tai-bao City, Chia-Yi County	26,000	Production and sales of Ready-mixed Concrete.
UCC Investment Inc.	1989.11.20	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	750,000	General Investment
Huan-Chung International Inc.	1991.01.28	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	100,000	Sales, import and export of cement, cement clinker, fuel, and cement products.
Kao-Hsiung Pier Transportation Inc.	1967.03.31	95-3 Gang-shan, Gang-shan borough, Ah-lien Dist., Kao-hsiung City.	75,600	Transportation by truck
Uneo Inc.	2013.01.11	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	60,000	Sales of electronic parts
Universal Ready-mixed Concrete Industry Inc.	1975.11.28	665 Zhong-shan Rd., Sec. 1, Wu-ri Dist., Tai-chung City	132,329	Production and sales of Ready-mixed Concrete.
LI YONG Development Co., Ltd.	2020.12.17	10F., 125 Nan-king E. Rd., Sec. 2, Taipei City	20,000	Investment and Development of Real Estate

3. Main Business of Affiliated Enterprises: Please refer to table above.



#### 4. Profile of Directors, Supervisors and General Manager of Affiliated Enterprises.

Dec. 31, 2021

Name of Enterprises	Position (Note1)	Name and Representative	Share held	
			Number of Share	Ratio of Holding
Chia-Yi Ready-mixed Concrete Industry Inc.	Chairman	Universal Cement Corporation, Represented by : Yang, Tsung-Jen	2,252,378	86.63%
	Director	Universal Cement Corporation, Represented by : Chou, Shih-Kuei	2,252,378	86.63%
	Director	Universal Cement Corporation, Represented by : Wang, Jau-Ching	2,252,378	86.63%
	Supervisor	UCC Investment Inc., Represented by : Yan, Shan-Hsiung	361	0.01%
UCC Investment Inc.	Chairman	Universal Cement Corporation, Represented by : Hou, Bo-Yi	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	—	—
Huan-Chung International Inc.	Chairman	Universal Cement Corporation, Represented by : Hou, Bo-Yi	6,999,333	69.99%
	Director	Universal Cement Corporation, Represented by : Hou, Chih-Yuan	6,999,333	69.99%
	Director	Universal Cement Corporation, Represented by : James Chan	6,999,333	69.99%
	Director	Taiheiyo Cement Corporation, Represented by: Yasuhiro Kawaragi	3,000,000	30.00%
	Director	Taiheiyo Cement Corporation, Represented by: Hidekatsu Maekawa	3,000,000	30.00%
	Supervisor	UCC Investment Inc., Represented by : Hou, Chih-Sheng	667	0.01%
Kao-hsiung Pier Transportation Inc.	Chairman	Universal Cement Corporation, Represented by : Wang, Jau-Ching	7,560,000	100.00%
	Director	Universal Cement Corporation, Represented by : Hou, Chih-Sheng	7,560,000	100.00%
	Director	Universal Cement Corporation, Represented by : Hou, Chih-Yuan	7,560,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by : Yan, Shan-Hsiung	7,560,000	100.00%
	General Manager	Wang, Jau-Ching	—	—
Universal Ready-mixed Concrete Industry Inc.	Chairman	Universal Cement Corporation, Represented by : Chou, Shih-Kuei	7,691,411	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 : Peter Chang	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%
	Director	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, Kui-Goan	—	—
Uneo Inc.	Chairman	Universal Cement Corporation, Represented by : Hou, Bo-Yi	6,000,000	100.00%
	Director	Universal Cement Corporation, Represented by : Hou, Chih-Sheng	6,000,000	100.00%
	Director	Universal Cement Corporation, Represented by : Hou, Chih-Yuan	6,000,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by : Wu, Chu-ting.	6,000,000	100.00%
LI YONG Development Co., Ltd.	Chairman	Universal Cement Corporation, Represented by : Hou, Chih-Sheng	2,000,000	100.00%
	Director	Universal Cement Corporation, Represented by : Hou, Chih-Yuan	2,000,000	100.00%
	Director	Universal Cement Corporation, Represented by : Chang, Pei-De	2,000,000	100.00%
	Supervisor	Universal Cement Corporation, Represented by : Yang, Rong-Fen	2,000,000	100.00%

Note 1: For affiliated companies registered abroad, equivalent position is listed.

Note 2: For affiliated companies established as incorporation limited company, holding ratio is listed.

Note 3: The information is updated till the publication date.

## 5. Operating Condition and Financial Results of Affiliated Companies

2021.12.31

(In thousands of New Taiwan Dollars, except earnings per share)

Company Name	Capital	Total assets	Total liabilities	Net value	Net Sales	Operating Income (Loss)	Income (Loss) After Tax	Earnings (Loss) Per Share After Tax
Chia-Yi Ready-mixed Concrete Industry Inc.	26,000	58,040	11,159	46,881	-	(1,793)	(136)	(0.05)
UCC Investment Inc.	750,000	1,003,474	235,165	768,309	-	(2,859)	9,170	0.12
Huan-Chung International Inc.	100,000	351,033	190,630	160,403	709,427	24,241	17,591	1.76
Kao-Hsiung Pier Transportation Inc.	75,600	137,738	40,250	97,488	238,526	1,787	2,950	0.39
Uneo Inc.	60,000	52,228	8,892	43,336	35,475	(2,007)	(2,053)	(0.34)
Universal Ready-mixed Concrete Industry Inc.	132,329	604,045	368,427	235,618	626,276	59,907	50,220	3.80
LI YONG Development Co., Ltd.	20,000	19,606	40	19,566	-	(436)	(434)	(0.22)

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, 2021 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 28, 2022

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.**