

Stock Code: 1104

**Universal Cement Corporation  
2023 Annual Meeting of  
Shareholders**

**Handbook**

**Meeting Time: 9:00 A.M. June 16, 2023**

**Place: Hai-fu Gypsum Board Plant, No. 18 Hai-  
Shan-Zhong St., Hai-fu Borough, Lu-Zhu  
Dist., Taoyuan City**

This meeting is convened physically.

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# Table of Content

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<b>Procedure for the 2023 Annual Meeting of Shareholders .....</b>	<b>1</b>
<b>Matters to Report.....</b>	<b>2</b>
1. 2022 Business Report .....	2
2. Audit Committee’s Review Report on the 2022 Financial Statements .....	2
3. Report on Employees and Directors’ compensation for the year of 2022.....	2
4. Report on Endorsement and Guarantee made in 2022 .....	2
5. Report on Loaning of Company Funds in 2022 .....	3
<b>Ratification.....</b>	<b>4</b>
<b>Proposal No. 1 .....</b>	<b>4</b>
<b>Proposal No. 2 .....</b>	<b>4</b>
<b>Matters for Discussion I .....</b>	<b>7</b>
<b>Proposal No. 1 .....</b>	<b>7</b>
<b>Election .....</b>	<b>9</b>
<b>Election of members of the 24th Board of Directors (Proposed by the Board).....</b>	<b>9</b>
<b>Matters for Discussion II.....</b>	<b>10</b>
<b>Proposal No. 1 .....</b>	<b>10</b>
<b>Appendices.....</b>	<b>12</b>
<b>Appendix 1 .....</b>	<b>13</b>
<b>Appendix 2 .....</b>	<b>15</b>
<b>Appendix 3 .....</b>	<b>17</b>
<b>Appendix 4 .....</b>	<b>39</b>
<b>Appendix 5 .....</b>	<b>40</b>
<b>Appendix 6 .....</b>	<b>41</b>
<b>Appendix 7 .....</b>	<b>42</b>

*Notice to readers*

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

Universal Cement Corporation  
Procedure for the 2023 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson's Remarks
3. Matters to Report
4. Ratification
5. Matters for Discussion I
6. Election
7. Matters for Discussion II
8. Questions and Motions
9. Adjournment

## Matters to Report

1. 2022 Business Report

(Please refer to appendix 1 and 2 of this meeting handbook)

2. Audit Committee's Review Report on the 2022 Financial Statements  
(Please refer to appendix 3 of this meeting handbook)

The Company's 2022 Financial Statements, 2022 Business Report and Proposal for Distribution of 2022 Profits have been audited and reported by Audit Committee. The financial statements were audited by independent auditors, LEE, Ji-Chen and YANG, CHAO-CHIN of Deloitte Touche Tohmatsu Limited. Please refer to appendix 4 of this meeting handbook.

3. Report on Employees and Directors' compensation for the year of 2022

In accordance with Article 33 of the Company's Article of Incorporation, if there is profit at the end of each fiscal year, the percentage of profit of the current year distributable as employees' compensation shall be no lower than 1%, and employee remuneration allocated by stock or cash shall be determined by the Board, including employees of affiliated companies who meet certain conditions. With the profits mentioned above, the Board shall decide to allocate no more than 3% as directors' remuneration.

The Directors' remuneration of NT\$ 31,289,802 as well as employees' compensation of NT\$ 31,289,802 were issued by cash for the year of 2022. There is no difference between the distributed amount and the annual estimated amount of adopted expense.

4. Report on Endorsement and Guarantee made in 2022.

In compliance with Procedure for Making of Endorsements/Guarantees when making endorsements/guarantee for companies and companies of joint venture with business relations. As of the end of December, 2022, the total amount of endorsement/ guarantee is 570 million dollars, complied with the procedure and listed as below:

Unit: thousand dollars

Endorsement/ Guarantee Object	Amount
Universal Concrete Industry	120,000
Universal Concrete Investment	400,000
Uneo Inc.	50,000
In total	570,000

5. Report on Loaning of Company Funds in 2022

In compliance with Procedure for Loaning Funds to Other Parties when lending funds to companies and companies of joint venture with business relations. As of the end of December, 2022, the total approved credit for loaning of funds by th Company is 150 million dollars and in compliance with the procedure and listed as below:

Unit: thousand dollars

Loaning Object	Amount
Universal Concrete Industry	300,000
Universal Concrete Investment	800,000
Uneo Inc.	100,000
Tainan Concrete Industry	300,000
In Total	1,500,000

# Ratification

## **Proposal No. 1**

Adoption of the 2022 Business Report, Financial Statements and Consolidated Financial Statement (Proposed by the Board)

### **Explanation:**

The documents mentioned above have been approved by the Board on the 19th Meeting of the 23rd Board of Directors and audited by the Audit Committee. The financial statements were audited by independent auditors, LEE, Ji-Chen and YANG, CHAO-CHIN of Deloitte Touche Tohmatsu Limited. (Please refer to appendix 2 and 3 of this meeting handbook)

### **Resolution:**

## **Proposal No. 2**

Adoption of the Proposal for Distribution of 2022 Profits (Proposed by the Board)

### **Explanation:**

1. The Board has adopted the Proposal for Distribution of 2022 Profits in accordance with the Company's Article of Association, approved by the Board on the 20th Meeting of the 23rd Board of Directors and audited by the Audit Committee.
2. It is proposed to distribute a cash dividend of 1.5 dollars per share to shareholders (amount to be rounded up to dollar), dividend distributable at less than 1 dollar shall be recognized by the Company as other income. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to decide on dividend date and

ex-rights date and distribute accordingly.

3. It is further proposed to distribute a stock dividend of 0.3 dollars per share , 30 shares for holders of every thousand shares. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to decide on ex-dividend date subject to the approval of this distribution by the competent authorities.
4. If the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, handling capital increase in cash, execution conversion of employee stock options, transfer or cancellation of treasury stocks, conversion of corporate bonds, repurchase of company shares, or other reasons that affect share changes, it is proposed that the Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.


**Resolution:**




Universal Cement Corporation  
**PROFIT DISTRIBUTION TABLE**  
 Year 2022

Unit: NT Dollars

Item	Amount
Unappropriated Retained Earnings of Previous Years	5,329,606,918
Minus: Adjustment incurred by Affiliates under equity method	(36,999)
Plus: Disposal of equity instrument at FVOCI	1,076,698
Plus: Net Profit of 2022 after tax	2,041,395,237
Minus: Legal reserve	(204,243,224)
Earnings available for distribution	7,167,795,930
Distribution of:	
Dividend in Cash (NTD 1.5 per share)	980,413,788
Dividend in Stock (NTD 0.3 per share)	196,082,750
Unappropriated Retained Earnings for year ended in 2021	5,991,299,392

Chairman: 

President: 

Accounting manager: 

# Matters for Discussion I

## **Proposal No. 1**

Issuance of new stock by appropriation of earnings from 2022  
(Proposed by the Board)

### **Explanation:**

1. For the improvement of the investment portfolio and capital expenditure of the Company and strengthening the competitiveness of the Company, it is proposed to issue 19,608,275 shares of common stock, face value at NTD 10 per share, with distributable earnings from 2022 of NTD 196,082,750 pursuant of Article 240 of Company Act.
2. It is proposed to authorize the Board to decide on the ex-dividend date regarding this issuance of new share with earnings pending on the approval of the Shareholders' Meeting followed by the approval of competent authority. By reference to the list of the shareholders at the record date, the holders of every 1,000 shares will be distributed with 30 shares. It is proposed that the shareholders be demanded to accumulate fractional share distributed to full share at its discretion within 5 days from date for suspension of share transfer. It is further proposed that fractional share not successfully accumulated to be converted into cash at its face value and that the Chairman of the Board to assign the subscription thereof to specific person at its face value.
3. For the change of number of outstanding share and distribution ratio thereof due to change of regulation or adjustment by competent authority, capital increase in cash, execution of stock options by employee, transfer or cancel of treasury stock, conversion of convertibles, buybacks of the share of the Company and other reason with similar effects, it is proposed that the shareholders' meeting to authorize the Board of Directors to

adjust distribution ratio of the total distributable amount approved in this proposal according to the number of shares outstanding at the record date.

4. The issuance of new share under this proposal will be issued without printing physical stock according to relevant rules by TWSE.
5. The paid-in capital after this increase of capital will be NTD 6,732,174,670.

**Resolution:**

## Election

### **Election of members of the 24th Board of Directors (Proposed by the Board)**

#### **Explanation:**

1. Whereas the term of office of 23<sup>rd</sup> Board of Directors will be ended on June 14 of 2023. Pursuant to Article 195 of Company Act, the term of office of 23<sup>rd</sup> Board of Directors will be extended to election and inaugural of 24<sup>th</sup> Board of Directors.
2. Pursuant to Article 20 of Article of Incorporation of the Company, the Board of Directors shall consist of 5 to 7 directors elected by the Shareholders' meeting from list of candidates with legal competence. The term of each Board shall be three years and re-election is permitted.
3. In consideration of the need of corporate governance and the operation of the Board of Directors and in compliance with the article of incorporation, it is proposed to elect 7 directors, including 4 independent directors, whose term of office shall be from June 16, 2023, to June 15, 2026. Candidate nomination systems is applicable to the current election of Directors and Independent Directors and the shareholders shall elect from the lists of candidates.
4. Please refer to Appendix 8 of this manual for the list of candidates for Directors and Independent Directors.

#### **Resolution:**

## Matters for Discussion II

### **Proposal No. 1**

Granting of waiver on the non-competition of newly elected Directors  
(Proposed by the Board)

### **Explanation:**

1. Pursuant to Article 209 of Company Act, Directors conducting business for himself or on behalf of others that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such business and acquire its approval.
2. The Company, within its discretion, has yet forgone the possibility to assign candidates of current election of the Directors to take office Directors at companies operating in business scope similar to that of the Company, Therefore, it is proposed, pursuant to applicable law, to the Shareholders' Meeting to agree to waive the restriction on the Directors and its representative of conducting competing business.
3. Please refer to Appendix 9 of this manual for the description on directors conducting competing business.

### **Resolution:**

## Questions and Motions

### Adjournment

## Appendices

1. Letter to Shareholders
2. 2022 Business Report
3. 2022 Financial Statements and Consolidated Financial Statement
4. Audit Committee's Review Report
5. Current Shareholding of Directors
6. Information of Employees' and Directors' Compensation
7. Influence on issuance of bonus shares toward the company's operating performance, earnings per share, and shareholders return on investment.
8. List of candidates for directors(including independent directors)
9. Release the Prohibition on Directors from Participation in Competitive Business.

## Appendix 1

### Letter to Shareholders

Greetings to all of our valued shareholders,

In 2022, we experienced lukewarm global economy recovery due to COVID-19. Taiwan's domestic economy performed well in comparison as a result of the success of pandemic-prevention policies and the government passing of the Infrastructure Development Program. At the same time, rising tension between the US and China has brought foreign corporates to invest in Taiwan, increasing the demand for new factory facilities and office building and contribute steady growth of sales of building material business of the company. The following is business performance of the company in 2022:

In 2022, the sales of cement were 500 thousand tons, representing a YOY decline of 5%, the sales of ready-mixed concrete (RMC) were 1.94 million cubic meters, representing a YOY growth of 7% and the sales of gypsum boards were 15.78 million square meters, representing a YOY growth of 6%. Total consolidated revenue for 2022 was NT\$ 7.06 billion, showing a growth of 16% compared with last year; Net profit after tax of the year was NT\$ 2.18 billion representing a YOY growth of 96% due to the growth in investment earnings; Earnings per share had reached NT\$ 3.12.

Building Material business group continues to enhance the functional performance of gypsum board such as moisture resistance, fire resistance, sound insulation, convenience in construction and recycling. We also strive to provide users with more drywall systems including rooftop and cladding system, at the same time, we have combined our diverse gypsum board products with the exterior wall panel system of the brand "NICHIIHA" from Japan to extend the application from the interior to the outside of buildings, offering a new option for customers.

RMC business group continued to supply for the demand for factories, offices, public construction, and the residences on the periphery of Hsinchu, Taichung, Tainan, Kaohsiung and Pingtung.

Micro-Deformable Piezoresistive Sensor, the technology by our subsidiary company, Uneo Inc. was making a great progress in consumer electronics, stylus, industrial and semiconductor equipment, smart health and smart warehouses. Uneo Inc. seeks to enhance synergy with world-renowned corporation in standardizing, systemizing, and modularizing the product development based on the advanced technology and the past experiences of customization to shorten the product development cycle and raise the profit.

Looking into 2023, we will continue to solidify our footprint in public construction, factories, commercial buildings, and housing projects. Xiaogang RMC Plant and Madou RMC Plant renewals are estimated to complete in the fourth quarter of 2023. With ten



Ready-mixed concrete plants and two gypsum board plants, we expect to achieve the cement sales volume target of 480 thousand tons, RMC sales volume target of 1.85 million cubic meters, and gypsum board sales volume target of 16.35 million square meters. Beyond our current business, we also continue to seek growth opportunities horizontally and vertically. With the rising awareness of ESG, we will also proactively seek for new production methods and materials to ameliorate the impact the company levy on the environment.

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

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

Chairman

HOU, Bo-Yi

## Appendix 2

# Business Report



### I. Manufacture

#### (1) Cement

The Company manufactured 443,929 tons of cement (Alian Plant) in 2022, the production volume for the whole year decreased by 74,829 tons compared with that of 2021 compared with that in 2022, with an decrease rate of 20.27%.

#### (2) Concrete

The company manufactured 1,676,719 m<sup>3</sup> of concrete in 2022, the production volume for the whole year decreased by 130,451 m<sup>3</sup> compared with that in 2021, with an decrease rate of 8.44%.

#### (3) Gypsum board

The company manufactured 15,370,968 m<sup>2</sup> (Haifu Plant) of gypsum board in 2022 , the production volume for the whole year increased by 366,789 m<sup>2</sup> compared with that in 2021, with an increase rate of 2.44%.

### II. Sale

#### (1) Cement

The company sold 437,986 tons of cement (Including 168,659 tons for self-use) in 2022; the total sales volume decreased by 64,013 tons compared with that in 2021, with an decrease rate of 17.12%.

#### (2) Concrete

The company sold 1,676,719 m<sup>3</sup> of concrete in 2022; the total sales volume decreased by 130,451 m<sup>3</sup> compared with that in 2021, with an decrease rate 8.44%.

#### (3) Gypsum board

The company sold 15,775,695 m<sup>2</sup> in 2022; the total sales volume increased by 944,072 m<sup>2</sup> compared with that in, with an increase rate of 6.37%.

### III. Revenue

The company's net operating income for year 2022 was NT\$ 5,710,196 thousand dollars, an increase of NT\$ 883,756 thousand

dollars compared with that of the year 2021, with an increase rate 18.31%.

#### IV. Earning

The earnings after tax of year 2022 is NTD 2,041,395 thousand dollars, decreased 953,317 thousand dollars compared to 2021. The decrease rate was 87.61%, and the after-tax earnings per share was NT\$3.12, which was an decrease of NTD 1.46 compared with the 2021 fiscal year, and the decrease rate was 87.95%.

Chairman:



President:



Accounting manager:



## **Appendix 3**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Universal Cement Corporation

#### **Opinion**

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

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

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements

as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Occurrence of sales of concrete products

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

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

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

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

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

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

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

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

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

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

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

- 5 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6 Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan

Republic of China

March 16, 2023

Notice to Readers

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

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



## Universal Cement Corporation

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

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

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

## Universal Cement Corporation

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 32)	\$ 5,710,196	100	\$ 4,826,439	100
OPERATING COSTS (Notes 12, 21, 24 and 32)	<u>4,533,229</u>	<u>79</u>	<u>3,863,835</u>	<u>80</u>
GROSS PROFIT	<u>1,176,967</u>	<u>21</u>	<u>962,604</u>	<u>20</u>
OPERATING EXPENSES (Notes 21, 24 and 32)				
Selling and marketing expenses	120,348	2	90,348	2
General and administrative expenses	188,617	3	167,842	3
Research and development expenses	81,526	2	76,718	2
Expected credit loss (gain)	<u>8,487</u>	<u>-</u>	<u>(1,954)</u>	<u>-</u>
Total operating expenses	<u>398,978</u>	<u>7</u>	<u>332,954</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>777,989</u>	<u>14</u>	<u>629,650</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 32)				
Interest income	1,775	-	141	-
Other income	224,216	4	177,733	4
Other gains and losses	203,980	4	(9,544)	-
Interest expenses	( 35,034 )	( 1 )	(20,939)	(1)
Share of profit or loss of associates	<u>1,042,108</u>	<u>18</u>	<u>424,060</u>	<u>9</u>
Total non-operating income and expenses	<u>1,437,045</u>	<u>25</u>	<u>571,451</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	2,215,034	39	1,201,101	25
INCOME TAX EXPENSE (Notes 4 and 25)	<u>173,639</u>	<u>3</u>	<u>113,023</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,041,395</u>	<u>36</u>	<u>1,088,078</u>	<u>23</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	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	143,686	3	199,183	4
Share of the other comprehensive income or loss of associates accounted for using the equity method	( 49,909 )	( 1 )	50,981	1

(Continued)

## Universal Cement Corporation

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

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

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

(Concluded)

# Universal Cement Corporation

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity					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, 2021	<u>6,536,092</u>	<u>65,822</u>	<u>2,491,500</u>	<u>3,185,793</u>	<u>5,838,490</u>	<u>( 892,298 )</u>	<u>1,396,993</u>	<u>51,052</u>	<u>( 17,217 )</u>	<u>538,530</u>	<u>18,656,227</u>
Appropriation of 2020 earnings (Note 22)											
Legal reserve	-	-	115,575	-	( 115,575 )	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$ 1.1 per share	-	-	-	-	( 718,970 )	-	-	-	-	-	( 718,970 )
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. ( Note 28)	-	5218	-	-	-	-	-	-	-	-	5218
Changes in recognition of associates accounted for using equity method	-	605	-	-	-	-	-	-	-	-	605
Overdue dividends not collected by shareholders	-	( 4 )	-	-	-	-	-	-	-	-	( 4 )
Net profit for the year ended December 31, 2021	-	-	-	-	1,088,078	-	-	-	-	-	1,088,078
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	( 53,545 )	241,879	18,668	-	207,002	207,002
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,088,078	( 53,545 )	241,879	18,668	-	207,002	1,295,080
BALANCE AT DECEMBER 31, 2021	<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>
Appropriation of 2021 earnings (Note 22)											
Legal reserve	-	-	108,808	-	( 108,808 )	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$ 1 per share	-	-	-	-	( 653,609 )	-	-	-	-	-	( 653,609 )
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 27)	-	56,211	-	-	-	-	-	-	-	-	56,211
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,077	-	(1,077)	-	-	(1,077)	-
Changes in recognition of associates accounted for using equity method	-	340	-	-	( 40 )	-	-	-	-	-	300
Overdue dividends not collected by shareholders	-	( 2 )	-	-	-	-	-	-	-	-	( 2 )
Net profit for the year ended December 31, 2022	-	-	-	-	2,041,395	-	-	-	-	-	2,041,395
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	146,367	74,103	19,674	-	240,144	240,144
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,041,395	146,367	74,103	19,674	-	240,144	2,281,539
BALANCE AT DECEMBER 31, 2022	<u>\$ 6,536,092</u>	<u>\$ 123,499</u>	<u>\$ 2,715,883</u>	<u>\$ 3,185,793</u>	<u>\$ 7,372,038</u>	<u>( \$ 799,476 )</u>	<u>\$ 1,711,898</u>	<u>\$ 89,394</u>	<u>( \$ 17,217 )</u>	<u>\$ 984,599</u>	<u>\$ 20,917,904</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax		
Income before income tax	\$ 2,215,034	\$ 1,201,101
Adjustments for:		
Depreciation expenses	123,591	114,763
Amortization expenses	2,415	2,992
Expected credit loss (gain) recognized	8,487	(1,954)
Interest expenses	35,034	20,939
Interest income	( 1,775)	(141)
Dividend income	( 193,444)	(142,112)
Share of profit of associates	( 1,042,108)	(424,060)
Loss (Gain) on disposal of property, plant and equipment net	(3,950)	17
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	( 669)	(491)
Gain on disposal of investment properties	( 107,131)	-
Gain on disposal of other intangible assets Regarded as gain on disposal of associate	-	(2,989)
Inventory write-downs	-	752
Impairment loss on assets	274,161	-
Gain on lease modification	( 93)	-
Changes in operating assets and liabilities	( 44,029)	
Contract assets (Including related parties)	983	3,531
Notes receivable	( 4,622)	(33,224)
Accounts receivable (Including related parties)	( 232,620)	(187,726)
Other receivables	4	(772)
Inventories	( 38,419)	(19,913)
Prepayments	( 3,252)	29,608
Other current assets	( 221)	1,473
Contract liabilities	( 984)	659
Notes payable (Including related parties)	30	(209)
Accounts payable (Including related parties)	35,177	98,201
Other payables	60,983	(2,555)
Other current liabilities	3,084	(92)
Net defined benefit liability	( 2)	(18,777)
Cash generated from operations	712,124	639,021
Interest received	1,775	141
Dividends received	402,700	689,375
Income tax paid	( \$ 162,614)	(63,482)
Net cash generated from operating activities	<u>953,985</u>	<u>1,265,055</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at fair value through other comprehensive income	-	(321,038)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	-
Increase in financial assets at amortized cost	( 1,160)	(541)
Decrease in financial assets at amortized cost	1,210	11,029
Acquisitions of financial assets at fair value through profit or loss	-	(59,033)

(Continued)

## Universal Cement Corporation

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

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

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

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Universal Cement Corporation

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

#### Occurrence of sales of concrete products

Refer to Note 4(13) and Note 24. The Group mainly manufactures and sells cement, ready mixed concrete and gypsum board panels. The sales amount of some concrete products changed greatly in 2021 and the change can be due to changes in volume or price or both. Sales is the main source of the Group's revenue and has a material impact on the Group's consolidated financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

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

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

### **Other Matter**

We have also audited the parent company only financial statements of Universal Cement Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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



- 2 Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4 Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 5 Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6 Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan

Republic of China  
March 16, 2023

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

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

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

## Universal Cement Corporation and Subsidiaries

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 7,055,789	100	\$ 6,079,107	100
OPERATING COSTS (Notes 12, 22 and 32)	<u>5,689,489</u>	<u>81</u>	<u>4,947,290</u>	<u>82</u>
GROSS PROFIT	<u>1,366,300</u>	<u>19</u>	<u>1,131,817</u>	<u>18</u>
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	119,394	2	84,347	2
General and administrative expenses	299,545	4	261,793	4
Research and development expenses	92,355	1	78,683	1
Expected credit loss (gain)	<u>13,916</u>	<u>-</u>	<u>(3,208)</u>	<u>-</u>
Total operating expenses	<u>525,210</u>	<u>7</u>	<u>421,615</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>841,090</u>	<u>12</u>	<u>710,202</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES(Notes 14, 25 and 32)				
Interest income	1,982	-	1,109	-
Other income	269,741	4	207,695	3
Other gains and losses	488,752	7	(22,352)	-
		(1		
Interest expenses	(41,671)	)	(29,292)	-
Share of profit or loss of associates	<u>823,435</u>	<u>12</u>	<u>372,900</u>	<u>6</u>
Total non-operating income and expenses	<u>1,542,239</u>	<u>22</u>	<u>530,060</u>	<u>9</u>
PROFIT BEFORE INCOME TAX	2,383,329	34	1,240,262	20
INCOME TAX EXPENSE (Notes 4 and 26)	<u>199,837</u>	<u>3</u>	<u>126,036</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,183,492</u>	<u>31</u>	<u>1,114,226</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 4,106	-	\$ 9,967	1
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	73,867	1	243,289	4
Share of the other comprehensive income or loss of associates accounted for using the equity method	17,190	-	6,884	-

(Continued)

## Universal Cement Corporation and Subsidiaries

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

	2022		2021	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	( <u>821</u> )	<u>-</u>	<u>351</u>	<u>-</u>
	<u>94,342</u>	<u>1</u>	<u>260,491</u>	<u>5</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	<u>146,367</u>	<u>2</u>	<u>(53,545)</u>	<u>(1)</u>
	<u>146,367</u>	<u>2</u>	<u>(53,545)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>240,709</u>	<u>3</u>	<u>206,946</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,424,201</u>	<u>34</u>	<u>\$ 1,321,172</u>	<u>22</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,041,395	29	\$ 1,088,078	18
Non-controlling interests	<u>142,097</u>	<u>2</u>	<u>26,148</u>	<u>-</u>
	<u>\$ 2,183,492</u>	<u>31</u>	<u>\$ 1,114,226</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,281,539	32	\$ 1,295,080	21
Non-controlling interests	<u>142,662</u>	<u>2</u>	<u>26,092</u>	<u>1</u>
	<u>\$ 2,424,201</u>	<u>34</u>	<u>\$ 1,321,172</u>	<u>22</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ 3.12		\$ 1.66	
Diluted	3.11		1.66	

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

(Concluded)

# Universal Cement Corporation and Subsidiaries

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											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, 2021	\$ 6,536,092	\$ 65,822	\$ 2,491,500	\$ 3,185,793	\$ 5,838,490	( \$ 892,298 )	\$ 1,396,993	\$ 51,052	( \$ 17,217	\$ 538,530	\$ 18,656,227	\$ 129,126	\$ 18,785,353
Appropriation of 2020 earnings (Note 23)													
Legal reserve	-	-	115,575	-	( 115,575 )	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$ 1.1 per share	-	-	-	-	( 718,970 )	-	-	-	-	-	( 718,970 )	-	( 718,970 )
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries ( Note 29)	-	527	-	-	-	-	-	-	-	-	527	( 2,017 )	( 1,490 )
Changes in recognition of associates accounted for using equity method	-	605	-	-	-	-	-	-	-	-	605	-	605
Overdue dividends not collected by shareholders	-	( 4	-	-	-	-	-	-	-	-	( 4 )	-	( 4 )
Net profit for the year ended December 31, 2021	-	-	-	-	1,088,078	-	-	-	-	-	1,088,078	26,148	1,114,226
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	( 53,545 )	241,879	18,668	-	207,002	207,002	( 56 )	206,946
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,088,078	( 53,545 )	241,879	18,668	-	207,002	1,295,080	26,092	1,321,172
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	( 2,190 )	( 2,190 )
BALANCE AT DECEMBER 31, 2021	6,536,092	66,950	2,607,075	3,185,793	6,092,023	( 945,843 )	1,638,872	69,720	( 17,217	745,532	19,233,465	151,011	19,384,476
Appropriation of 2021 earnings (Note 23)													
Legal reserve	-	-	108,808	-	( 108,808 )	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$ 1 per share	-	-	-	-	( 653,609 )	-	-	-	-	-	( 653,609 )	-	( 653,609 )
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 29)	-	56,211	-	-	-	-	-	-	-	-	56,211	( 155,893 )	( 99,682 )
Acquired non-controlling interests of subsidiaries (Note28)	-	-	-	-	-	-	-	-	-	-	-	479,869	479,869
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,077	-	( 1,077 )	-	-	( 1,077 )	-	-	-
Changes in recognition of associates accounted for using equity method	-	340	-	-	( 40 )	-	-	-	-	-	300	-	300
Overdue dividends not collected by shareholders	-	( 2	-	-	-	-	-	-	-	-	( 2 )	-	( 2 )
Net profit for the year ended December 31, 2022	-	-	-	-	2,041,395	-	-	-	-	-	2,041,395	142,097	2,183,492
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	146,367	74,103	19,674	-	240,144	240,144	565	240,709

## Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												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	-	-	-	-	2,041,395	146,367	74,103	19,674	-	240,144	2,281,539	142,662	2,424,201	
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	( 9,075 )	( 9,075 )	
BALANCE AT DECEMBER 31, 2022	\$ 6,536,092	\$ 123,499	\$ 2,715,883	\$ 3,185,793	\$ 7,372,038	( \$ 799,476 )	\$ 1,711,898	\$ 89,394	( \$ 17,217 )	\$ 984,599	\$ 20,917,904	\$ 608,574	\$ 21,526,478	

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

(Concluded)

## Universal Cement Corporation and Subsidiaries

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

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,383,329	\$ 1,240,262
Adjustments for:		
Depreciation expenses	175,370	173,235
Amortization expenses	2,657	3,183
Expected credit loss (gain) recognized	13,916	(3,208)
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	12,244	4,201
Interest expenses	41,671	29,292
Interest income	(1,982)	(1,109)
Dividend income	(227,609)	(160,502)
Share of profit of associates	(823,435)	(372,900)
Loss (Gain) on disposal of property, plant and equipment net	(3,968)	17
Gain on disposal of investment properties	(403,203)	-
Gain on disposal of other intangible assets	-	(2,989)
	(373,540)	
Gain on disposal of associates	)	
Inventory write-downs	461	272
Impairment losses on assets	274,161	-
Gains on defeasance	(44,029)	-
Changes in operating assets and liabilities		
Contract assets (Including related parties)	1,064	8,234
Notes receivable	(86,975)	14,742
Accounts receivable (Including related parties)	(248,955)	(261,593)
Other receivables	1,888	(1,164)
Inventories	(96,602)	(14,669)
Prepayments	(5,048)	29,653
Other current assets	642	2,959
Contract liabilities	(8,191)	5,818
Notes payable (Including related parties)	119,468	(63,727)
Accounts payable (Including related parties)	33,539	130,364
Other payables	73,788	7,284
Other current liabilities	2,503	613
Net defined benefit liability	(2,330)	(19,042)
Cash generated from operations	809,550	749,226
Interest received	1,974	1,109
Dividends received	406,771	699,022
Income tax paid	(205,228)	(67,146)
Net cash generated from operating activities	<u>1,013,067</u>	<u>1,382,211</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of financial assets at fair value through other comprehensive income	(38,916)	(552,449)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	-	-
Increase in financial assets at amortized cost	(22,060)	(5,726)

(Continued)



## Universal Cement Corporation and Subsidiaries

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

	2021	2020
Decrease in financial assets at amortized cost	\$ 16,094	\$ 25,295
Acquisitions of financial assets at fair value through profit or loss	(25,000)	(176,719)
Refunds from financial assets at fair value through profit or loss	-	60,608
Acquisitions of investments accounted for using equity method	(47,928)	(27,000)
	(9,300)	
Net cash outflow of acquired subsidiary (Note28)	)	-
Payments for property, plant and equipment	(320,210)	(203,984)
Refunds from disposal of property, plant and equipment	6,462	10
Payments for intangible assets	(6,245)	(3,523)
Refunds from disposal of intangible assets	-	3,000
Payments for investment properties	(3,956)	(210)
Refunds from disposal of investment properties	499,950	-
Decrease in other non-current assets	-	379
Net cash used in investing activities	<u>48,891</u>	<u>(880,319)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	510,000	313,000
Repayments from short-term bills payable	( 225,000)	(8,000)
Proceeds from guarantee deposits received	665	655
Refund of guarantee deposits received	( 2,270)	(260)
Repayment of the principal portion of lease liabilities	( 50,970)	(59,836)
Dividends paid to owners of the Company	( 653,609)	(718,970)
Acquisitions of non-controlling interests	( 99,682)	(1,490)
Interest Paid	( 39,585)	(27,434)
Dividends paid to non-controlling interests	( 9,075)	(2,190)
Net cash used in financing activities	<u>( 569,526)</u>	<u>(504,525)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	492,432	(2,633)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>292,032</u>	<u>294,665</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 784,464</u>	<u>\$ 292,032</u>

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

(Concluded)

## Appendix 4

### Review Report by Audit Committee

Review Report by Audit Committee,  
Universal Cement Corporation

Mar. 16, 2023

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

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



## Appendix 5

### Current Shareholding of Directors

The minimum number of shares that all directors of the company should hold, and the number of shares held by individual and all directors as recorded in the shareholders register as of the closing date April 18, 2023 for current shareholders meeting:

1. According to Article 26 of Securities and Exchange Act, the total shares held by all directors in summation shall not less than 4% (26,144,368 shares) of the issued share.
2. Number of shares held by individual directors and total:

Position	Name	Shareholdings
Chairman	Bo-Chih Investment Co., Ltd. Representative: HOU, BO-YI	27,893,282
Director	Sheng Yuan Investment Co., Ltd. Representative: HOU, ZHI-SHENG	65,255,811
Director	Yu Sheng Investment Co., Ltd. Representative: HOU, ZHI-YUAN	64,532,037
Director	Hsin Han Investment Co., Ltd. Representative: CHEN, JING-XING	220,450
Independent Director	ZHAN, YI-REN	0
Independent Director	HO-YI-DA	0
Independent Director	WANG, YONG-CHUN	0
Total		157,901,580

Shareholdings of All Directors is 24.16% of issued shares.

## **Appendix 6**

### **Information of Employees' and Directors' Compensation**

1. Approved at the 19th meeting of the 23rd Board of Directors of the company on March 16, 2023. It is proposed to allocate NT\$31,289,802 for employees' remuneration and NT\$31,289,802 for directors' remuneration.
2. The Board proposed to allocate employees' and directors' compensation and the difference between the amount and the annual estimated amount of recognized expenses as well as the reason and the handling condition:  
  
There is no difference between them.
3. Information disclosed in this Appendix matches the content in Item 3 of Matters to Report.

## Appendix 7

### The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

Item	Year	2022 (Estimation)	
Initial paid-up capital		6,536,091,920	
Stock and cash dividends this year (Note 1)	Cash dividends per share (dollars)	1.5	
	Stock dividends per share form capital increase from retained earnings (stocks)	0.3	
	Stock dividends per share form capital increase from capital surplus (stocks)	-	
The change situation of business result	Operating income	Not applicable (Note 2)	
	Year on year increase(decrease)ratio of operating income (percent)		
	Profits after tax		
	Year on year increase(decrease)ratio of profits after tax ( percent)		
	Earnings per share (dollars)		
	Year on year increase(decrease)ratio of earnings per share (percent)		
	Average annual ratio of return on investment (percent)		
Pro forma earnings per share and P/E ratio	If the Company changed the capital increase form retained earnings to cash dividends distribution	Pro forma earnings per share (dollars)	Not applicable (Note 2)
		Pro forma average annual ratio of return on investment (percent)	
	If there is no capital increase from capital surplus	Pro forma earnings per share (dollars)	
		Pro forma average annual ratio of return on investment (percent)	
	If there is no capital increase from capital surplus and retained earnings, the Company distributes cash dividends	Pro forma earnings per share (dollars)	
		Pro forma average annual ratio of return on investment (percent)	

Note.1 : The Company decided to distribute cash dividends of 1.5 per share (dollars),and Stock dividends of 0.3 per share (dollars)(0.03 shares per share) by the Board on the 20th Meeting of the 23rd Board of Directors, but the final distribution will decide by 2023 shareholder meeting.

Note.2 : The Company doesn't disclose complete financial forecast and therefore doesn't need to disclose the

2022 forecast information.

## Appendix 8

### List of candidates for directors(including independent directors)

#### Nominee: Bo-Chih Investment Co., Ltd.

Category	Name	Education	Experience	Current Posts	Shareholding	Government/Corporation Represented
Director	Bo-Chih Investment Co., Ltd	-	-	-	27,893,282	None
Director	Sheng Yuan Investment Co., Ltd. Representative: HOU, ZHI-SHENG	PhD. in Electronic Engineering from MIT, U.S.	Project Manager of Electronic & Optoelectronic System Research , ITRI Supervisor of Institute for Information Industry Manager of ITRI Directort of Tainan Spinning Co.,Ltd Directort of UCC Investment Inc. Directort of Lio Ho Machine Works Ltd. Supervisor of Huan Chung Cement International Corporation	Directort of Univeral Cement Corporation President of Univeral Cement Corporation	65,255,811	Sheng Yuan Investment Co., Ltd
Director	Yu Sheng Investment Co., Ltd. Representative: HOU, ZHI-YUAN	Master degree in East Asia Studies from Harvard University	Directort of Tainan Spinning Co.,Ltd. Directort of UCC Investment Inc. Directort of Huan Chung Cement International Corporation Directort of Lio Ho Machine Works Ltd. Directort of Grand Bills Finance Corporation	Directort of Univeral Cement Corporation Executive Vice President Of Univeral Cement Corporation	64,532,037	Yu Sheng Investment Co., Ltd.

Independent Director	Ho - Yi - Da	Master of Business Administration from MIT, U.S.	Chairman of YFY Inc. Chairman of Arizon RFID Technology(cayman)Co., Ltd.	Chairman of YFY Inc. Directort of E INK HOLDINGS INC. Chairman of Arizon RFID Technology(cayman)Co.,Ltd.	0	None
Independent Director	CHAN, YI, JEN	PhD in EECS, University of Michigan U.S.	CSO of Hermes-Epitek CEO of Episil Holding Inc. CTO&Managing Director of Cytotec Co., Ltd.	CTO&Managing Director of Cytotec Co., Ltd.	0	None
Independent Director	SU, YEN, HSUEH	Master degree in Industrial Administration from Carnegie Mellon University	Directort / President of UBS Chief Investment Of ASUSTek Senior VP of Pegatron Corporation	Independent Director of TXC Corporation Independent Director of AUO Corporation Independent Director of Eslite Spectrum Corporation	0	None

### Nominee: The Board of Universal Cement Corporation

Category	Name	Education	Experience	Current Posts	Shareholding	Government/ Corporation Represented
Independent Director	YEN, HORN G, CHIEH	Global Master of Business Administration from Southern Taiwan University of Science and Technology	McCTILL Co., Ltd. Chairman Pasta & Co Co., Ltd. Director Yen Enterprise Co., Ltd. Chairman Long Yen Foundation Deputy CEO Unicell Biotechnology Deputy CEO PAMO, Inc Director	McCTILL Co., Ltd. Chairman Pasta & Co Co., Ltd. Director Yen Enterprise Co., Ltd. Chairman Long Yen Foundation Deputy CEO Unicell Biotechnology Deputy CEO PAMO, Inc Director	79,836	None





Candidate for Director  
Name : Hou, Bo-Yi  
Director of the Board since 2008

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- Mr. Hou, Bo Yi graduated in Department of Transportation and Communication of National Chen-kung University. Since he took the position of Chairman of the Board, the Company has maintain the best profits since its establishment. Mr. Hou also sits on the Board of Tainan Spinning Co. Ltd., and Prince Housing and Development Corporation, both of which are publicly listed in Taiwan. Mr. Hou is also member of the Board of Trustees of Southern Taiwan University of Science and Technology.
- We recommend Mr. Hou, Bo-Yi to carry on his position as Chairman of the Board and lead the Company to grow steadily while the global community is impacted in both social and economic aspects. Also, we trust Mr. Hou to continue monitor long-term development goals which spread from electronics in medical care, transnational alliance of building material and activation of assets.
- ◇ Other publicly listed companies currently served as Director,  
Tainan Spinning Co. Ltd., 1440.TW  
Prince Housing and Development Corporation, 2511.TW



Candidate for Director  
Name: Dr. Hou, Chih-Sheng  
Director of the Board since:2008

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- Dr. Hou, Chih-Sheng is the first son of Mr. Hou, Bo-Yi and hold a PhD. in Electronic Engineering from MIT, U.S., Master and Bachelor of Electronic Engineering. Dr. Hou is the current President of the Company and served as manager in Electronic and Optoelectronic System research Laboratory of Industrial Technology Research Institution. Dr. Hou has led his research team to win Edison Award and R&D 100 Awards, U.S. and focus on efficiency and accountability and hence keep the profitability of the Company at the leading position among peers in Taiwan.
- We recommend Dr. Hou to remain serving at the Board and lead the Company to continues its innovative achievements and steady growth.
- ◇ Other publicly listed companies currently served as Director,  
Tainan Spinning Co. Ltd., 1440.TW  
Creative Sensor Inc., 8249.TW



Candidate for Director

Name: Hou, Chih-yuan

Director of the Board since: 2008

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- Mr. Hou, Chih-yuan is the second son of Mr. Hou, Bo-yi. Mr. Hou is the current Executive President of the Company and holds a master degree in East Asia Studies from Harvard University and a bachelor degree in Political Science. Mr. Hou is the current Chairman of Harvard Club of the Republic of China and board members of Tainan Spinning, Nantex Industry Co. Ltd., and CHC Resource. Mr. Hou is leading the sales and marketing of the Company and aggressively expanding the client base of the Company. Since Mr. Hou took office, he had led the building material sectors of the Company with growth of revenue in large scale.
  - We recommend Mr. Hou to remain serving at the Board and continue on expanding domestic market share in order to acquire leading position in oversea business.
  - ✧ Other publicly listed companies currently served as Director,  
Tainan Spinning Co. Ltd., 1440.TW  
Prince Housing and Development Corporation, 2511.TW  
Nantex Industry Co. Ltd., 2108.TW  
CHC Resource., 9930.TW  
TECO Electric & Machinery Co., Ltd., 1504.TW



Candidate for Independent Director

Name: Ho-Yi-Da(Felix Ho)

Director of the Board since:2020

Participate Committee: Compensation Committee, Audit Committee

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- Mr. Ho joined YFY Group in 2003, and was YFY Inc. Chairman and CEO until 2021. YFY Group a highly diversified conglomerate with over \$ 6 billion USD in annual turnover. The YFY investment portfolio spans a multitude of sectors including paper, packaging materials, consumer products, technology, specialty materials, and financial services.
- Outside of the YFY Group, he serves as the Chairman of the Epoch Foundation, Chairman of the Taiwan Associations of Corporate Patent Executives, and is a member of the board at industry associations and non-profit organizations.
- We recommend Mr. HO to remain serving at the Board and continue providing unique perspectives for the company's organization, inject a variety of growth momentum into the core business, and give professional advice on financial planning, corporate governance, and expanding the country's external information points.
- ✧ Other publicly listed companies currently served as Director  
YFY Inc.,1907.TW  
E INK HOLDINGS INC.,8069. TW



Candidate for Independent Director

Name: Dr. Ian, Yi-Jen Chan

Director of the Board since:2017

Participate Committee: Compensation Committee, Audit Committee

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- Dr. Ian is the current CTO&Managing Director of Cytotec Co., Ltd., and he used to be the CSO of Hermes-Epitek and the CEO of Episil Holding Inc.
- Dr. Ian is a well-known expert in high-speed and power semiconductor device, at the same time, he also has rich experience in strategic planning to corporate governance. During his tenure as an independent director, he promoted the company's electronics industry group to become a supplier of international major manufacturers.
- We recommend Dr. Ian to remain serving at the Board and continue giving our company support.
- ✧ Other publicly listed companies currently served as Independent Director  
Excelliance MOS Corporation,5299. TW



Candidates for Independent Directors

Name: Ms. Sharon (Yen-Hsueh) Su

Director of the Board since: New nominee

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- Ms. Sharon (Yen-Hsueh) Su, has a BS in International Business from National Taiwan University (1991) and a MS in Industrial Administration from Carnegie Mellon University (1993). Ms. Su has extensive experience in investments and M&A in the technology sector. She used to be a top ranked technology analyst for ABN AMO and UBS before joining ASUSTek as chief investment officer in 2004. She spearheaded the ASUSTek and Pegatron restructuring in 2009 and retired from Pegatron as senior VP for investment and business development in 2013.
  - We invite Ms. Su to join the Board , provide professional advice for the company with her experience in the field of technology industry investment.
  - ◇ Other publicly listed companies currently served as Independent Director,  
TXC Corporation,3042.TW  
AUO Corporation,2409.TW  
Eslite Spectrum Corporation,2926. TW



Candidate for Independent Director

Name: Jeffrey, Yen

Director of the Board since: New nominee

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- Jeffrey Yen is the founder and Chairman of McCTILL Co., Ltd., but before the venture in the beauty industry, he was a successful serial entrepreneur who invested in startups, biotech industry, new media company and food & beverage industry. He is currently the CEO of McCTILL, Vice President of Long Yen Foundation and also consults for many companies.
  - We invite Mr. Yen to join the Board and use his professional skills,like innovation and creativity, business strategy, business operation, brand marketing strategy, strategic thinking & foresight, leadership and team management, corporate governance, international business, financial management, to increase the diversity of board members.
  - ◇ Other publicly listed companies currently served as Director : none.

## Appendix 9

### Release the Prohibition on Directors from Participation in Competitive Business.

2023.04.30

Director' s Name	Currently served as Director' s Company
<p>Bo-Chih Investment Co., Ltd Intended Appointee: Hou, BO-YI</p>	<p><b>Chairman:</b> Huan Chung Cement International Corporation <b>Director:</b> Universal Readymixed Concrete Industry Inc. Tainan Concrete Industry Inc. Price Real Estate Group.Co.,Ltd.</p>
<p>Sheng Yuan Investment Co., Ltd. Representative: HOU, ZHI-SHENG</p>	<p><b>Director:</b> Tainan Concrete Industry Inc. Universal Readymixed Concrete Industry Inc. <b>Supervisor:</b> Huan Chung Cement International Corporation</p>
<p>Yu Sheng Investment Co., Ltd. Representative: HOU, ZHI-YUAN</p>	<p><b>Director:</b> Tainan Concrete Industry Inc. Huan Chung Cement International Corporation Universal Real Estate Development Company Prince Housing &amp; Development Corp. CHC Resources Corporation <b>Managing Director:</b> Universal Readymixed Concrete Industry Inc.</p>

