



2021 Annual Meeting of Shareholders Handbook

- **Date & Time: 9 :00 a.m., June 28, 2021**
- **Venue: 160, Ren-Ai Rd., Sec. 3, Taipei City
Conference Room, 4th Fl., The Howard Plaza Hotel Taipei**

Stock Code: 1104

Universal Cement Corporation 2021 Annual Meeting of Shareholders

Handbook

Meeting Time: 9:00 A.M. June 28, 2021

**Place: No. 160, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei
City**

The Howard Plaza Hotel Taipei 4F Meeting Room

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. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Universal Cement Corporation

Procedure for the 2021 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson's Remarks
3. Matters to Report
4. Ratification
5. Proposals and Discussion
6. Questions and Motions
7. Adjournment

Matters to Report

- I. 2020 Business Report (Please refer to appendix 1 and 2 starting from page 10 of this meeting handbook)
- II. Audit Committee's Review Report on the 2020 Financial Statements (Please refer to appendix 3 starting from page 13 of this meeting handbook)

The Company's 2020 Financial Statements, 2020 Business Report and Proposal for Distribution of 2020 Profits have been audited and reported by Audit Committee. The financial statements were audited by independent auditors, YANG, CHAO-CHIN and KUO, LI-YUAN of Deloitte Touche Tohmatsu Limited. Please refer to appendix 4 starting from page 25 of this meeting handbook.

- III. Report on Employees and Directors' compensation for the year of 2020

In accordance of 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 decided to allocate no more than 3% as directors' remuneration.

The Directors' remuneration of NT\$ 22,945,855 as well as employees' compensation of NT\$ 22,945,855 were issued by cash for the year of 2020. There is no difference between the distributed amount and the annual estimated amount of adopted expense.

- IV. Revision of Procedure Governing meeting of the Board of Directors, Ethical Corporate Management Best Practice Principles, Corporate Social Responsibility Best Practice Principles and Procedures for Ethical

Management and Guidelines for Conduct has been proposed in accordance with actual need. The revised articles please refer to appendix 9-12 starting from page 43 of this meeting handbook.

V. Report on Endorsement and Guarantee made in 2020

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, 2020, the total amount of endorsement/ guarantee is 420 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	250,000
Uneo Inc.	50,000
In total	420,000

VI. Report on Loaning of Company Funds in 2020

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, 2020, 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	50,000
Universal Concrete Investment	50,000
Uneo Inc.	50,000
In Total	150,000

VII. Report on the review of proposal by Shareholder

Ratification

Proposal No. 1

Adoption of the 2020 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 7th Meeting of the 23rd Board of Directors and audited by the Audit Committee. The financial statements were audited by independent auditors, YANG, CHAO-CHIN and KUO, LI-YUAN of Deloitte Touche Tohmatsu Limited. (Please refer to appendix 2 and 3 starting from page 12 of this meeting handbook)

Resolution:

Proposal No. 2

Adoption of the Proposal for Distribution of 2020 Profits (Proposed by the Board)

Explanation:

1. The Board has adopted the Proposal for Distribution of 2020 Profits in accordance with the Company's Article of Association, approved by the Board on the 7th Meeting of the 23rd Board of Directors and audited by the Audit Committee.
2. It is proposed to distribute a cash dividend of 1.1 dollars per share to shareholders (distributed to the end of the dollar), allocate an abnormal amount of less than 1 dollar, and transfer to other income of the company. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to distribute on the dividend date

and ex-rights date.

3. 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 2020

Unit: NT Dollars

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

Chairman:



President:



Accounting manager



Proposals and Discussion

Proposal No.1

Revision to the Rules of Procedure for Shareholder Meetings (Proposed by the Board)

Explanation:

1. The revision was processed in accordance with the Announcement No. 1100001446 of the Taiwan Stock Exchange Co., Ltd. on January 28, 2021.
2. The proposal is approved by the Board on the 7th Meeting of the 23rd Board of Directors and issued to the current shareholders meeting.
3. The revision is as follow:

Article	After Revision	Before Revision	Note
Article 3	<p>...</p> <p>Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in</p> <p>Company Act, Paragraph I, Article 185; Securities and Exchange Act, Article 26-1, 43-6; Regulations Governing the Offering and Issuance of Securities by Securities Issuers, Article 56-1, 60-2.</p> <p>The essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.</p>	<p>...</p> <p>Matters pertaining to election or discharge of directors and supervisors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Company Act, Paragraph I, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up</p>	Content revised in accordance of Taiwan Stock Exchange Co., Ltd. Announcement and Modification.

	<p>...</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. °</p> <p>...</p>	<p>as extemporary motions ; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</p> <p>...</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. °</p> <p>...</p>	
Article 9	<p>...</p> <p>The chair shall call the meeting to order at the appointed meeting time. Relevant information such as</p>	<p>...</p> <p>The chair shall call the meeting to order at the appointed meeting time. However, when the</p>	Content revised in accordance of Taiwan Stock Exchange Co.,

	<p>the number of non-voting attendees and the number of shares present will be announced at the same time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned....</p>	<p>attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned....</p>	<p>Ltd. Announcement and Modification.</p>
Article 14	<p>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected. Also the list of unsuccessful directors and the number of votes.</p>	<p>The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected....</p>	<p>Content revised in accordance of Taiwan Stock Exchange Co., Ltd. Announcement and Modification.</p>

Resolution:

Questions and Motions

Adjournment

Appendices

1. Report to Shareholders
2. 2020 Business Report
3. 2020 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. Rules of Procedure for Shareholder Meeting (Before Revision)
9. Regulations Governing the Board of Directors(Revision Comparison Table)
10. Ethical Corporate Management Best Practice Principles (Revision Comparison Table)
11. Corporate Social Responsibility Best Practice Principles (Revision Comparison Table)
12. Procedures for Ethical Management and Guidelines for Conduct (New)
13. The Company's Article of Association

Appendix I

Letter to Shareholders

Greetings to all of our valued shareholders,

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

1. In 2020, the sales of cement were 550 thousand tons, representing a YOY growth of 8%, the sales of ready-mix concrete (RMC) were 1.72 million m³, representing a YOY growth of 2% and the sales of gypsum boards were 13.85 million m², representing a YOY decline of 17%. Total consolidated revenue for 2020 was NT\$ 5.43 billion, showing a growth of 8% compared with last year; Net profit after tax of the year was NT\$ 1.26 billion representing a YOY growth of 10%; Earnings per share had reached NT\$ 1.91.

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

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

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

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

sales volume target of 1.79 million m³, and gypsum board sales volume target of 16.19 million m².

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

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

Chairman

HOU, Bo-Yi

Appendix 2

Business Report



I. Manufacture

(1) Cement

The Company manufactured 411,700 tons of cement (Alian Plant) in 2020, the production volume for the whole year increased by 11,300 tons compared with that of 2019 compared with that in 2019, with an increase rate of 2.82%.

(2) Concrete

The company manufactured 1,577,266 m³ of concrete in 2020, the production volume for the whole year increased by 36,011 m³ compared with that in 2019, with an increase rate of 2.34%.

(3) Gypsum board

The company manufactured 13,957,821 m² (Haifu Plant) of gypsum board in 2020, the production volume for the whole year decreased by 3,032,328 m² compared with that in 2019, with an decrease rate of 17.85%.

II. Sale

(1) Cement

The company sold 410,479 tons of cement (Including 126,993 tons for self-use) in 2020; the total sales volume increased by 12,158 tons compared with that in 2019, with an increase rate of 3.05%.

(2) Concrete

The company sold 1,577,266 m³ of concrete in 2020; the total sales volume increased by 36,011 m³ compared with that in 2019, with an increase rate 2.34%.

(3) Gypsum board

The company sold 13,849,045 m² in 2020; the total sales volume decreased by 2,795,085 m² compared with that in, with an decrease rate of 16.79%.

III. Revenue

The company's net operating income for year 2020 was NT\$ 4,495,516 thousand dollars, an increase of NT\$ 346,380 thousand dollars compared with that of the year 2019, with an increase rate 8.35%.

IV. Earning

The earnings after tax of year 2020 is NTD 1,247,252 thousand dollars, increased 111,775 thousand dollars compared to 2019. The increase rate was 9.84%, and the after-tax earnings per share was NT\$1.91, which was an increase of NTD 0.17 compared with the 2019 fiscal year, and the increase rate was 9.77%

Chairman:



President:



Accounting manager:



Appendix 3
2020 Financial Statements and Consolidated Financial Statement

Universal Cement Corporation

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 125,182	1	\$ 137,066	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	1,851,633	8	1,961,744	9
Financial assets at amortized cost - current (Notes 4, 8, 9 and 31)	67	-	5,670	-
Contract assets - current (Notes 4 and 22)	5,578	-	3,505	-
Contract assets from related parties - current (Notes 4, 22 and 30)	4,228	-	8,746	-
Notes receivable (Notes 4, 10 and 22)	362,052	2	317,895	2
Net Accounts receivable (Notes 4, 10 and 22)	796,302	3	746,609	3
Accounts receivable from related parties (Notes 4, 10, 22 and 30)	52,308	-	36,812	-
Other receivables (Notes 4 and 30)	592	-	10,741	-
Inventories (Notes 4 and 11)	247,290	1	218,967	1
Prepayments	45,918	-	19,758	-
Other current assets	5,159	-	7,343	-
Total current assets	<u>3,496,309</u>	<u>15</u>	<u>3,474,856</u>	<u>16</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	1,419,292	6	1,349,156	6
Financial assets at amortized cost - non-current (Notes 4, 8, 9 and 31)	15,195	-	26,356	-
Investments accounted for using equity method (Notes 4 and 12)	10,808,078	47	10,257,953	46
Property, plant and equipment (Notes 4 and 13)	6,414,931	28	5,920,949	26
Right - of - use assets (Notes 4 and 14)	27,007	-	34,827	-
Investment properties (Notes 4 and 15)	194,028	1	618,697	3
Other intangible assets (Notes 4 and 16)	7,611	-	7,452	-
Deferred tax assets (Notes 4 and 24)	5,344	-	605	-
Prepayments for equipment (Notes 13)	640,952	3	732,796	3
Other non-current assets	380	-	380	-
Total non-current assets	<u>19,532,818</u>	<u>85</u>	<u>18,949,171</u>	<u>84</u>
TOTAL	<u>\$ 23,029,127</u>	<u>100</u>	<u>\$ 22,424,027</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	\$ 1,285,000	6	\$ 1,100,000	5
Short-term bills payable (Note 4 and 17)	1,039,284	5	1,298,928	6
Contract liabilities - current (Notes 4 and 22)	565	-	4,976	-
Notes payable (Note 18)	209	-	570	-
Accounts Payable (Note 18)	471,001	2	454,894	2
Accounts Payable to related parties (Notes 18 and 30)	52,662	-	46,651	-
Dividend payable			22,487	
Other payables (Note 19 and 30)	268,209	1	219,357	1
Current tax liabilities (Notes 24)	46,077	-	46,978	-
Lease liabilities - current (Notes 4, 14 and 30)	16,897	-	17,976	-
Other current liabilities (Note 19)	18,682	-	27,712	-
Total current liabilities	<u>3,198,586</u>	<u>14</u>	<u>3,240,529</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 24)	1,089,408	5	1,090,950	5
Lease liabilities - non-current (Notes 4, 14 and 30)	10,315	-	17,006	-
Guarantee deposits	8,432	-	8,362	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	66,159	-	83,723	-
Total non-current liabilities	<u>1,174,314</u>	<u>5</u>	<u>1,200,041</u>	<u>5</u>
Total liabilities	<u>4,372,900</u>	<u>19</u>	<u>4,440,570</u>	<u>20</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Capital stock - common stock	<u>6,536,092</u>	<u>29</u>	<u>6,536,092</u>	<u>29</u>
Capital surplus	<u>65,822</u>	<u>-</u>	<u>41,430</u>	<u>-</u>
Retained earnings				
Legal reserve	2,491,500	11	2,377,952	11
Special reserve	3,185,793	14	3,185,793	14
Unappropriated earnings	5,838,490	25	5,449,899	24
Total retained earnings	<u>11,515,783</u>	<u>50</u>	<u>11,013,644</u>	<u>49</u>
Other equity	<u>538,530</u>	<u>2</u>	<u>392,291</u>	<u>2</u>
Total equity	<u>18,656,227</u>	<u>81</u>	<u>17,983,457</u>	<u>80</u>
TOTAL	<u>\$ 23,029,127</u>	<u>100</u>	<u>\$ 22,424,027</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 30)	\$ 4,495,516	100	\$ 4,149,136	100
OPERATING COSTS (Notes 11, 20, 23 and 30)	<u>3,693,613</u>	<u>82</u>	<u>3,653,929</u>	<u>88</u>
GROSS PROFIT	<u>801,903</u>	<u>18</u>	<u>495,207</u>	<u>12</u>
OPERATING EXPENSES (Notes 20, 23 and 30)				
Selling and marketing expenses	105,770	2	118,014	3
General and administrative expenses	157,467	3	150,089	4
Research and development expenses	68,246	2	66,680	1
Expected credit loss	<u>536</u>	<u>-</u>	<u>2,086</u>	<u>-</u>
Total operating expenses	<u>332,019</u>	<u>7</u>	<u>336,862</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>469,884</u>	<u>11</u>	<u>158,345</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 23 and 30)				
Interest income	273		565	
Other income	178,891	4	174,446	4
Other gains and losses	(98,927)	(2)	(14,052)	-
Interest expenses	(23,044)	(1)	(22,335)	-
Share of profit or loss of associates	<u>754,312</u>	<u>17</u>	<u>890,939</u>	<u>21</u>
Total non-operating income and expenses	<u>811,505</u>	<u>18</u>	<u>1,029,563</u>	<u>24</u>
PROFIT BEFORE INCOME TAX	1,281,389	29	1,187,908	28
INCOME TAX EXPENSE (Notes 4 and 24)	<u>34,137</u>	<u>1</u>	<u>52,431</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,247,252</u>	<u>28</u>	<u>1,135,477</u>	<u>27</u>
OTHER COMPREHENSIVE INCOME (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,712)	-	10,257	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(28,404)	(1)	119,082	3
Share of the other comprehensive income or loss of associates accounted for using the equity method	(346)	-	42,449	1

(Continued)

Universal Cement Corporation

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

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

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

Universal Cement Corporation

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

	Retained Earnings					Other Equity					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, 2019	\$ 6,536,092	\$ 41,265	\$ 2,272,223	\$ 3,185,793	\$ 5,104,411	(\$ 653,350)	\$ 1,184,048	\$ 44,942	\$ -	\$ 575,640	\$ 17,715,321
Appropriation of 2018 earnings (Note 21)											
Legal reserve	-	-	105,729	-	(105,729)	-	-	-	-	-	-
Cash dividends distributed by the company - NT\$ 1 per share	-	-	-	-	(653,350)	-	-	-	-	-	(653,609)
Changes in recognition of associates accounted for using equity method	-	165	-	-	(30,383)	-	-	-	-	-	(30,383)
Net profit for the year ended December 31, 2019	-	-	-	-	1,135,477	-	-	-	-	-	1,135,477
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(353,086)	158,643	11,094	-	(183,349)	(183,349)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,135,477	(353,086)	158,643	11,094	-	(183,349)	952,128
BALANCE AT DECEMBER 31, 2019	6,536,092	41,430	2,377,952	3,185,793	5,449,411	(1,006,436)	1,342,691	56,036	-	392,291	17,983,457
Appropriation of 2019 earnings (Note 21)											
Legal reserve	-	-	113,548	-	(113,548)	-	-	-	-	-	-
Cash dividends distributed by the company - NT\$ 1 per share	-	-	-	-	(653,350)	-	-	-	-	-	(653,609)
Differences between the actual equity value of subsidiaries acquired or disposed and its carrying amounts. (Note 26)	-	418	-	-	-	-	-	-	-	-	418
Changes in recognition of associates accounted for using equity method	-	1,491	-	-	(7,217)	-	-	-	(17,217)	(17,217)	(22,992)
Overdue dividends not collected by shareholders	-	22,483	-	-	-	-	-	-	-	-	22,483
Net profit for the year ended December 31, 2020	-	-	-	-	1,247,252	-	-	-	-	-	1,247,252
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	114,138	(29,936)	(4,984)	-	79,218	79,218
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,247,252	114,138	(29,936)	(4,984)	-	79,218	1,326,470
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 7 and 21)	-	-	-	-	(84,238)	-	84,238	-	-	84,238	-
BALANCE AT DECEMBER 31, 2020	\$ 6,536,092	\$ 65,822	\$ 2,491,500	\$ 3,185,793	\$ 5,838,411	(\$ 892,298)	\$ 1,396,993	\$ 51,052	(\$ 17,217)	\$ 538,530	\$ 18,656,227

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

Universal Cement Corporation

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax		
Income before income tax	\$ 1,281,389	\$ 1,187,908
Adjustments for:		
Depreciation expenses	93,211	92,223
Amortization expenses	1,511	1,522
Expected credit loss recognized	536	2,086
Interest expenses	23,044	22,335
Interest income	(273)	(565)
Dividend income	(137,256)	(129,622)
Share of profit of associates	(754,312)	(890,939)
Loss (Gain) on disposal of property, plant and equipment net	(328)	170
Gain on disposal of investment properties	(8,579)	
Gain on lease modification	(3)	
Impairment loss on assets	103,012	
Changes in operating assets and liabilities		
Contract assets (Including related parties)	3,056	(870)
Notes receivable	(44,157)	15,166
Accounts receivable (Including related parties)	(66,336)	(92,055)
Other receivables	10,149	57,020
Inventories	(28,323)	10,108
Prepayments	(26,160)	(10,473)
Other current assets	2,184	(666)
Contract liabilities	(4,411)	663
Notes payable (Including related parties)	(361)	(16,625)
Accounts payable (Including related parties)	22,118	9,103
Other payables	27,951	24,384
Other current liabilities	(9,030)	10,267
Net defined benefit liability	(25,276)	(18,579)
Cash generated from operations	463,356	272,561
Interest received	273	579
Dividends received	504,481	490,862
Income tax paid	(39,777)	(66,088)
Net cash generated from operating activities	<u>928,333</u>	<u>697,914</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at fair value through other comprehensive income	(9,468)	(29,924)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	21,039	-
Increase in financial assets at amortized cost	(9,683)	(19,646)
Decrease in financial assets at amortized cost	26,447	13,426
Acquisitions of investments accounted for using equity method	(71,820)	(50,000)

(Continued)

Universal Cement Corporation

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

	2020	2019
Payments for property, plant and equipment	(152,316)	(237,441)
Refunds from disposal of property, plant and equipment	330	-
Payments for intangible assets	\$ (1,670)	\$ (1,101)
Refunds from disposal of investment properties	28,364	-
Net cash used in investing activities	<u>(168,777)</u>	<u>(324,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	185,000	255,000
Increase (decrease) in short-term bills payable	(260,000)	100,000
Proceeds from guarantee deposits received	200	1,603
Refund of guarantee deposits received	(130)	(1,666)
Repayment of the principal portion of lease liabilities	(20,141)	(18,184)
Dividends paid to owners of the company	(653,613)	(653,611)
Interest Paid	<u>(22,756)</u>	<u>(22,943)</u>
Net cash used in financing activities	<u>(771,440)</u>	<u>(339,801)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,884)	33,427
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>137,066</u>	<u>103,639</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 125,182</u>	<u>\$ 137,066</u>

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

(Concluded)

Universal Cement Corporation and Subsidiaries

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

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 294,665	1	\$ 250,642	1
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	478	-	1,378	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	2,253,316	10	2,331,463	10
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	75,457	-	89,070	-
Contract assets - current (Notes 4 and 24)	5,718	-	3,892	-
Contract assets from related parties - current (Notes 4, 24 and 32)	7,955	-	12,353	-
Notes receivable (Notes 4,11 and 24)	464,831	2	418,140	2
Net Accounts receivable (Notes 4,11 and 24)	895,947	4	817,584	4
Accounts receivable from related parties (Notes 4,11,24 and 32)	52,251	-	42,913	-
Other receivables (Notes 4)	1,309	-	1,772	-
Current tax assets (Notes 4 and 26)	31	-	32	-
Inventories (Notes 4 and 12)	283,445	1	264,170	1
Prepayments	48,563	-	21,933	-
Other current assets	7,674	-	11,920	-
Total current assets	<u>4,391,640</u>	<u>18</u>	<u>4,267,262</u>	<u>18</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,499,279	6	1,418,905	6
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 33)	41,797	-	52,830	-
Investments accounted for using equity method (Notes 4 and 14)	10,077,521	42	9,640,456	41
Property, plant and equipment (Notes 4 and 15)	6,680,071	28	6,180,847	27
Right - of - use assets (Notes 4 and 16)	308,924	1	225,811	1
Investment properties (Notes 4 and 17)	444,858	2	870,162	4
Other intangible assets (Notes 4 and 18)	8,075	-	7,854	-
Deferred tax assets (Notes 4 and 26)	8,245	-	3,860	-
Prepayments for equipment(Notes 15)	642,147	3	733,567	3
Other non-current assets	379	-	379	-
Total non-current assets	<u>19,711,296</u>	<u>82</u>	<u>19,134,671</u>	<u>82</u>
TOTAL	<u>\$ 24,102,936</u>	<u>100</u>	<u>\$ 23,401,933</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 19)	\$ 1,467,000	6	\$ 1,282,000	6
Short-term bills payable (Note 19)	1,231,875	5	1,503,710	7
Contract liabilities - current (Notes 4 and 24)	4,457	-	7,368	-
Notes payable (Note 20)	132,997	1	122,710	1
Notes payable to related parties (Notes 20 and 32)	-	-	2,573	-
Accounts Payable (Note 20)	494,546	2	494,582	2
Accounts Payable to related parties (Notes 20 and 32)	45,801	-	34,478	-
Dividend Payable	-	-	22,487	-
Other payables (Note 21)	294,528	1	238,990	1
Current tax liabilities (Notes 26)	48,156	-	48,612	-
Lease liabilities - current (Notes 4, 16 and 32)	56,039	1	45,304	-
Other current liabilities (Note 21)	20,025	-	29,040	-
Total current liabilities	<u>3,795,424</u>	<u>16</u>	<u>3,831,854</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 26)	1,188,219	5	1,189,797	5
Lease liabilities - non-current (Notes 4, 16 and 32)	259,001	1	182,939	1
Guarantee deposits	10,889	-	11,369	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	64,050	-	82,928	-
Total non-current liabilities	<u>1,522,159</u>	<u>6</u>	<u>1,467,033</u>	<u>6</u>
Total liabilities	<u>5,317,583</u>	<u>22</u>	<u>5,298,887</u>	<u>23</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Capital stock - common stock	<u>6,536,092</u>	<u>27</u>	<u>6,536,092</u>	<u>28</u>
Capital surplus	<u>65,822</u>	<u>-</u>	<u>41,430</u>	<u>-</u>
Retained earnings				
Legal reserve	2,491,500	11	2,377,952	10
Special reserve	3,185,793	13	3,185,793	14
Unappropriated earnings	5,838,490	24	5,449,899	23
Total retained earnings	<u>11,515,783</u>	<u>48</u>	<u>11,013,644</u>	<u>47</u>
Other equity	<u>538,530</u>	<u>2</u>	<u>392,291</u>	<u>2</u>
Total equity attributable to owners of the company	18,656,227	77	17,983,457	77
NON - CONTROLLING INTERESTS	<u>129,126</u>	<u>1</u>	<u>119,589</u>	<u>-</u>
Total equity	<u>18,785,353</u>	<u>78</u>	<u>18,103,046</u>	<u>77</u>
TOTAL	<u>\$ 24,102,936</u>	<u>100</u>	<u>\$ 23,401,933</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, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 5,426,217	100	\$ 5,005,731	100
OPERATING COSTS (Notes 12, 22,25 and 32)	<u>4,519,186</u>	<u>83</u>	<u>4,418,966</u>	<u>88</u>
GROSS PROFIT	<u>907,031</u>	<u>17</u>	<u>586,765</u>	<u>12</u>
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing expenses	101,731	2	111,291	2
General and administrative expenses	241,974	5	234,573	5
Research and development expenses	69,195	1	68,691	2
Expected credit loss	<u>989</u>	<u>-</u>	<u>1,315</u>	<u>-</u>
Total operating expenses	<u>413,889</u>	<u>8</u>	<u>415,870</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>493,142</u>	<u>9</u>	<u>170,895</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES(Notes 14, 25 and 32)				
Interest income	1,361	-	1,854	-
Other income	226,721	4	209,216	4
Other gains and losses	(100,096)	(2)	(18,676)	-
Interest expenses	(31,401)	-	(32,908)	(1)
Share of profit or loss of associates	<u>707,787</u>	<u>13</u>	<u>868,297</u>	<u>18</u>
Total non-operating income and expenses	<u>804,372</u>	<u>15</u>	<u>1,027,783</u>	<u>21</u>
PROFIT BEFORE INCOME TAX	1,297,514	24	1,198,678	24
INCOME TAX EXPENSE (Notes 4 and 26)	<u>37,719</u>	<u>1</u>	<u>56,996</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,259,795</u>	<u>23</u>	<u>1,141,682</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	(7,666)	-	10,788	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(27,180)	-	157,527	3
Share of the other comprehensive income or loss of associates accounted for using the equity method	(1,595)	-	3,672	-

(Continued)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 1,533	-	(\$ 2,157)	-
	<u>(34,908)</u>	<u>-</u>	<u>169,830</u>	<u>3</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	114,138	2	(353,086)	(7)
	<u>114,138</u>	<u>2</u>	<u>(353,086)</u>	<u>(7)</u>
Other comprehensive income (loss) for the year, net of income tax	79,230	2	(183,256)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,339,025</u>	<u>25</u>	<u>\$ 958,426</u>	<u>19</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the company	\$ 1,247,252	23	\$ 1,135,477	23
Non-controlling interests	<u>12,543</u>	<u>-</u>	<u>6,205</u>	<u>-</u>
	<u>\$ 1,259,795</u>	<u>23</u>	<u>\$ 1,141,682</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the company	\$ 1,326,470	25	\$ 952,128	19
Non-controlling interests	<u>12,555</u>	<u>-</u>	<u>6,298</u>	<u>-</u>
	<u>\$ 1,339,025</u>	<u>25</u>	<u>\$ 958,426</u>	<u>19</u>
EARNINGS PER SHARE (Note 27)				
Basic	\$ 1.91		\$ 1.74	
Diluted	\$ 1.90		\$ 1.73	

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

(Concluded)

Universal Cement Corporation and Subsidiaries

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

	Equity Attributable to Owners of the company												
	Retained Earnings					Other Equity							
	Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	other	Total	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	\$ 6,536,092	\$ 41,265	\$ 2,272,223	\$ 3,185,793	\$ 5,104,308	(\$ 653,350)	\$ 1,184,048	\$ 44,942	\$ -	\$ 575,640	\$ 17,715,321	\$ 113,952	\$ 17,829,273
Appropriation of 2018 earnings (Note 23)													
Legal reserve	-	-	105,729	-	(105,729)	-	-	-	-	-	-	-	-
Cash dividends distributed by the company - NT\$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)	-	(653,609)
Changes in recognition of associates accounted for using equity method	-	165	-	-	(30,548)	-	-	-	-	-	(30,383)	-	(30,383)
Net profit for the year ended December 31, 2019	-	-	-	-	1,135,477	-	-	-	-	-	1,135,477	6,205	1,141,682
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(353,086)	158,643	11,094	-	(183,349)	(183,349)	93	(183,256)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,135,477	(353,086)	158,643	11,094	-	(183,349)	952,128	6,298	958,426
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(661)	(661)
BALANCE AT DECEMBER 31, 2019	6,536,092	41,430	2,377,952	3,185,793	5,449,899	(1,006,436)	1,342,691	56,036	-	392,291	17,983,457	119,589	18,103,046
Appropriation of 2019 earnings (Note 23)													
Legal reserve	-	-	113,548	-	(113,548)	-	-	-	-	-	-	-	-
Cash dividends distributed by the company - NT\$ 1 per share	-	-	-	-	(653,609)	-	-	-	-	-	(653,609)	-	(653,609)
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries (Note 28)	-	418	-	-	-	-	-	-	-	-	418	(2,238)	(1,820)
Changes in recognition of associates accounted for using equity method	-	1,491	-	-	(7,266)	-	-	-	(17,217)	(17,217)	(22,992)	-	(22,992)
Overdue dividends not collected by shareholders	-	22,483	-	-	-	-	-	-	-	-	22,483	-	22,483
Net profit for the year ended December 31, 2020	-	-	-	-	1,247,252	-	-	-	-	-	1,247,252	12,543	1,259,795
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	114,138	(29,936)	(4,984)	-	79,218	79,218	12	79,230
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,247,252	114,138	(29,936)	(4,984)	-	79,218	1,326,470	12,555	1,339,025
Change in non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	-	-	(780)	(780)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 8 and 23)	-	-	-	-	(84,238)	-	84,238	-	-	84,238	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 6,536,092	\$ 65,822	\$ 2,491,500	\$ 3,185,793	\$ 5,838,490	(\$ 892,298)	\$ 1,396,993	\$ 51,052	(\$ 17,217)	\$ 538,530	\$ 18,656,227	\$ 129,126	\$ 18,785,353

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

Universal Cement Corporation and Subsidiaries

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax		
Income before income tax	\$ 1,297,514	\$ 1,198,678
Adjustments for:		
Depreciation expenses	135,260	128,926
Amortization expenses	1,800	1,795
Expected credit loss recognized	989	1,315
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	23	(212)
Interest expenses	31,401	32,908
Interest income	(1,361)	(1,854)
Dividend income	(172,561)	(151,662)
Share of profit of associates	(707,787)	(868,297)
Loss (Gain) on disposal of property, plant and equipment net	(760)	158
Gain on disposal of investment properties	(8,579)	-
Inventory write-downs	443	-
Impairment losses on assets	103,012	-
Gain on lease modification	(3)	-
Changes in operating assets and liabilities		
Contract assets (Including related parties)	3,101	5,798
Notes receivable	(46,691)	23,976
Accounts receivable (Including related parties)	(89,219)	(86,622)
Other receivables	471	26,123
Inventories	(19,718)	29,711
Prepayments	(26,630)	(10,640)
Other current assets	4,246	(2,587)
Contract liabilities	(2,911)	73
Notes payable (Including related parties)	7,714	(36,142)
Accounts payable (Including related parties)	11,287	7,376
Other payables	37,114	13,336
Other current liabilities	(9,015)	9,877
Net defined benefit liability	(26,544)	(20,072)
Cash generated from operations	522,596	301,962
Interest received	1,385	1,868
Dividends received	532,834	511,362
Income tax paid	(42,636)	(65,313)
Net cash generated from operating activities	<u>1,014,179</u>	<u>749,879</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through other comprehensive income	(50,446)	(80,804)
Proceeds from the liquidation of financial assets at fair value through other comprehensive income	21,039	-
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	-	2,295

Universal Cement Corporation and Subsidiaries

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

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

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

(Concluded)

Appendice IV

Universal Cement Corporation

Statement of Internal Controls

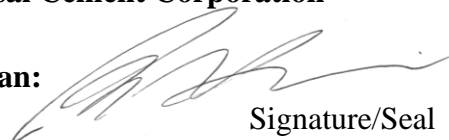
Date: 3/25/2021

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

- (1) We acknowledge and understand that it is the responsibility of our BOD and managers to establish, implement, and maintain an internal control system, and we have established accordingly. The purpose is to fairly ensure the effectiveness and efficiency of operations (Including profitability, performance, and security of assets); the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- (2) There is limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may be varied as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.
- (3) The Company has referred to the criteria for determining the effectiveness of an internal control system as specified in the “Regulations Governing Establishment of internal control Systems by Public Companies” (the “Criteria”), to determine the effectiveness of design and implementation of our internal audit system. With regard to the management control process, the Criteria divided an internal control system into five elements: a) control environment, b) risk evaluation, c) control activities, d) information and communication, and e) monitoring activities. Each element in turn contains certain audit items, and shall be referred to the Criteria for details.
- (4) We have evaluated the effectiveness of design and implementation of our internal control system with such criteria aforementioned.
- (5) In respect of the findings from the above evaluation, we believe the design and implementation of our Internal control system (Including the supervision and management of subsidiaries) by December 31, 2020 were effective to achieve the above goals in terms of the effectiveness and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
- (6) This statement shall form an integral part of the annual report and the prospectus on this company and will be disclosed to the public. If there is any fraudulent, concealment and unlawful practice found in the above contents, we shall be liable to the legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- (7) This statement of declaration was approved unanimously and without objection by the board meeting held on March 25, 2021 with the presence of all directors attended the meeting.

Universal Cement Corporation

Chairman:



Signature/Seal

President:



Signature/Seal

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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 2020 and the change can be due to changes in volume or price or both. Sales is the main source of the Corporation's revenue and has a material impact on the Corporation's financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the

auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that we identify during our audit.

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

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

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

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 23, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Occurrence of sales of concrete products

Refer to Note 4(13) and Note 24. The Group mainly manufactures and sells cement, ready-mixed concrete and gypsum board panels. The sales amount of some concrete products changed

greatly in 2020 and the change can be due to changes in volume or price or both. Sales is the main source of the Group's revenue and has a material impact on the Group's consolidated financial statements. Consequently, occurrence of sales of concrete products is considered as a key audit matter.

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan

Republic of China

March 23, 2021

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 30, 2021 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	ALLIEDCIRCUITCO.,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	35,450
Independent Director	ZHAN, YI-REN	0
Independent Director	HE, YI-DA	0
Independent Director	WANG, YONG-CHUN	0
Total		157,716,580

Shareholdings of All Directors is 24.13% of issued shares.

Appendix 6

Information of Employees' and Directors' Compensation

1. Approved at the 7th meeting of the 23rd Board of Directors of the company on March 23, 2021. It is proposed to allocate NT\$22,945,855 for employees' remuneration and NT\$22,945,855 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.

Appendix 7

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

The Company proposed to adopt cash distribution to distribute shareholder dividends for the current year (2021), and there is no issuance of bonus shares. Therefore, the Company does not apply this information disclosure.

Appendix 8

Universal Cement Corporation Rules of Procedure for Shareholder Meeting (Before Revision)

Article 1

To establish a strong governance system and sound supervisory capabilities for the Corporation's shareholder meetings as well as to strengthen the management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

Article 2

Except as otherwise provided by law, regulation, or the articles of incorporation, the rules of procedures for the Corporation's shareholder meetings shall be subject to these Rules.

Article 3 (Convening shareholder meetings and shareholders meeting notices)

Unless otherwise provided by law or regulation, the Corporation's shareholder meetings shall be convened by the board of directors.

The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit

distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, the Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Corporation before five days before the date of the shareholders meeting. Upon the delivery of

duplicate proxy forms, the one that receives earlier shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of the Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 (Preparation of documents such as the attendance book)

The Corporation shall specify the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters to be noted in its shareholders meeting notices.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholder meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholder meetings convened by the board of directors can be chaired by the chairperson of the board in person and attended by a majority of the directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders meeting by audio or video)

The Corporation, at the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at shareholder meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of proposals)

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast by shareholders (including extraordinary motions and amendments to the original proposals set out in the agenda).

The chair may decide to vote on a case-by-case basis, or to vote on various proposals (including election proposals) in a divided or one-time manner and count the votes separately. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion

closed, call for a vote, and schedule sufficient time for voting.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be decided by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholder meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a declaration of intent to the Corporation two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election of directors)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the Corporation.

Article 16 (Public disclosure)

On the day of a shareholders meeting, the Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange

Corporation (or GreTai Securities Market) regulations, the Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19

These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 9

Borad of Directors' Meeting Procedrual Rules of Universal Cement Corporation

Articles Comparison List

Article	After revision	Before revision	Remark
Article 7	<p>The following matters shall be proposed to discuss in the Board of Directors' Meeting:</p> <ol style="list-style-type: none"> 1. Operational Plan 2. <u>Annual Financial Report & CPA Certified and Reviewed Q2 Financial Report.</u> 3. Formulate or revise internal control system pursuant to the Securities Trades Act and assessment for validity. 	<p>The following matters shall be proposed to discuss in the Board of Directors' Meeting:</p> <ol style="list-style-type: none"> 1. Operational Plan 2. Annual & Semi-annual Financial Report, except for semi-annual financial report without need of CPA review and certification. 3. Formulate or revise internal control system pursuant to the Securities Trades Act and assessment for validity... 	

Appendix 10

Operational Guideline with Integrity of Universal Cement Corporation

Articles Comparison List

Article	Before revision	Before revision	Remark
Article 17	<p>Organization and Responsibility</p> <p>The Director, Manager, Employee, Assigned and physical controller in this Company will be obligated to monitor any disintegral behavior as a good manager, reviewing its effect and constant improvement, ensuring physical development of integrity policy.</p> <p>In order to perfect management with integrity, the General Manager Office in this Office is designated to be the duty unit, which shall be enrolled with sufficient resources and appropriate staff, taking full responsibility of formation, monitoring and execution of integrity policy as well as preventive solution. The office will master matters as follows and report to the Borad of Directors at regular basis (at least once in a year):</p> <p>...</p>	<p>Organization and Responsibility</p> <p>The Director, Manager, Employee, Assigned and physical controller in this Company will be obligated to monitor any disintegral behavior as a good manager, reviewing its effect and constant improvement, ensuring physical development of integrity policy.</p> <p>In order to perfect management with integrity, a duty unit subordinated under the Board of Directors shall be set with sufficient resources and appropriate staff, taking full responsibility of formation, monitoring and execution of integrity policy as well as preventive solution. The office will master matters as follows and report to the Borad of Directors at regular basis (at least once in a year):</p> <p>...</p>	
Article 23	<p>Reporting System</p> <p>The Company sets reporting system and executes matters as follows:</p> <ol style="list-style-type: none"> 1. Create and post internal independent reporting mailbox, hotline for internal and external staffs. 2. Assign this job to the <u>Audit Office</u>, the only one duty unit; events reported where Directors or Top 	<p>Reporting System</p> <p>The Company sets reporting system and executes matters as follows:</p> <ol style="list-style-type: none"> 1. Create and post internal independent reporting mailbox, hotline for internal and external staffs. 2. Assign this job to the <u>Administrative Management Department</u>, the only one duty unit; events 	

	<p>Management are involved with shall be reported to independent Director or Supervisor, subject to the type of reported matter and its operational procedure meeting investigation criteria.</p> <p>...</p> <p>In case of any material violation or concerned severe damage that might cause to the Company is found through investigation, the only one duty unit, Audit Office, of this company should make a report immediately and give a notice to independent Director or Audit Committee.</p>	<p>reported where Directors or Top Management are involved with shall be reported to independent Director or Supervisor, subject to the type of reported matter and its operational procedure meeting investigation criteria.</p> <p>...</p> <p>In case of any material violation or concerned severe damage that might cause to the Company is found through investigation, the only one duty unit, Administrative Management Department, of this company should make a report immediately and give a notice to independent Director or Audit Committee.</p>	
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Appendix 11

Corporate Social Responsibility Practices & Guideline of Universal Cement Corporation Articles Comparison List

Article	After revision	Before Revision	Remark
Article 7	<p>In order to perfect management for corporate social responsibility, a full-time (part-time) duty unit which promotes corporate social responsibility shall be set in the General Manager Office to be in charge of policy, system or related management guideline and proposing, executing physical promotional plan, reporting to the Board of Directors at regular basis.</p> <p>The Company is suggested to formulate reasonable remuneration policy to assure its satisfaction with organizational strategy and target, also interests of stakeholders.</p> <p>Employee performance assessment system is suggested to combine with corporate social responsibility, also is suggested to set explicit and effective incentives & punishment system.</p>	<p>In order to perfect management for corporate social responsibility, a full-time (part-time) duty unit which take sole responsibility of corporate social policy, system or related management guideline and proposing, executing physical promotional plan, reporting to the Board of Directors at regular basis.</p> <p>The Company is suggested to formulate reasonable remuneration policy to assure its satisfaction with organizational strategy and target, also interests of stakeholders.</p> <p>Employee performance assessment system is suggested to combine with corporate social responsibility, also is suggested to set explicit and effective incentives & punishment system.</p>	
Article 15	<p>The Company is suggested to set duty staff in connection with environmental management, subordinated under the General Manager Office, taking sole responsibility of promoting corporate social responsibility, so as to develop, promote and maintain related environment management system and physical action plan, also launch educational class</p>	<p>The Company is suggested to set duty unit or staff in connection with environmental management to develop, promote and maintain related environment management system and physical action plan, also launch educational class toward the Top Management and employee regularly.</p>	

	toward the Top Management and employee regularly.		
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Appendix 12

Universal Cement Corporation Integrity Business Operating Procedure and Guidelines (Revised Edition)

Article 1 Purpose and Scope of Application

Business activities of the company are based on fairness, honesty, reliability and transparency principle to prevent dishonest behaviors. This operating procedure and guidelines are established according to “Listed Company Integrity Operating Principles”.

This operating procedure and guidelines are applicable to the subsidiaries, foundations with direct or indirect offered funds and other organizations or group companies with substantial control.

Article 2 Coverage

Personnels mentioned in this operating procedure and guidelines refer to the company, group companies, CEOs, supervisors, managers, employees, trustee and those who have substantial control.

Offers, Acceptances, requirements, or any forms of improper benefits from the third party are presumptive to the personnels' behavior.

Article 3 Dishonest behaviors

Dishonest behaviors mentioned in the procedure and guidelines refer to direct and indirect offer, acceptance, requirement, or any forms of improper benefits, including other dishonest, illegal activities or violations.

The aforesaid objects include civil servant, election candidate, political parties or its staffs and both public and private business or organizations and its CEOs, supervisors, managers, employees, those who with substantial control or other interested parties.

Article 4 Forms of benefits

Benefits mentioned in the operating procedure and guidelines refer to any types or names of cash, gifts, commission, positions, service, preferential treatments, kickbacks, facilitation fee, entertains and other economic goods.

Article 5 Responsible unit and personnel

General Manager's Office, belonging to the board meeting, is the responsible unit of the company. The duty includes resource and personnel arrangement, revise, operation, explanation and consultation of this operating procedure and guidelines, as well as archive and record of reported cases. Items below are the main duty.

The responsible unit should report to the board meeting periodically (once a year at a minimum).

- I. Assist with the company integrity management strategy and establish anti-

corruption regulations complying with the existed laws.

- II. Analyze and evaluate risk of dishonest behaviors within the scope of business and establish related standard operating procedures and guidelines accordingly.
- III. Organize internal formation and set the check and balance system in the business activities with higher risk of involving in dishonest behaviors.
- IV. Encourage and Coordinate promotions of integrity policy training.
- V. Establish the offence report system and assure its availability.
- VI. Assist the board meeting and executive level periodically with examining and evaluating the availability of integrity operating procedure as well as conformity of related business and gather all as report afterward.
- VII. Conserve documentations such as integrity operating policy and conformity declaration, as well as implementation.

Article 6 Prohibition for offering or accepting improper benefits

When direct or indirectly offering, accepting or requiring benefits mentioned in art.4, except for the following situations, personnels should abide by “Listed Company Integrity Operating Principles” and this operating procedure and guidelines.

- I. Based on business needs, including external visits, receiving foreign guests, promoting programme and coordination, according to local customs and practices.
- II. General social activities with purpose of promoting bilateral profit.
- III. Invitation to certain business activities, factory visits etc., with clearly stated number of participant, expense share, accommodation grade and duration etc.
- IV. Festivals open to the public.
- V. Reward, succor or appreciation from manager.
- VI. Other situations complying with company regulation.

Article 7 Improper Benefits Acceptance and Handling procedure

When direct or indirectly being offered or accepting benefits mentioned in art.4, except the situations listed in art.6, personnels of the company should process it according to the following:

- I. Offers and acceptance from non-interested parties should be reported to the supervisor and responsible unit within three days starting from the receiving day.
- II. Offers and acceptance from interested parties should be returned or rejected, and reported to the supervisor and responsible unit. When returning isn't available, the responsible unit should handle it within three days starting from the receiving day.

The interested parties listed above refer to the following situations:

- I. Existence of partnership, supervising and reward or subsidy.

II. Objects still in searching or those who the company has already contracted with.

III. Others who might be affected by the decision and operation of the company.

The responsible unit should return, pay, confiscate, regive to philanthropic organizations or other proper hanging depending on the types and value of the benefits mentioned in the first paragraph and reported to the board meeting.

Article 8 Anti-bribery and Handling Procedure

The company must not offer or accept any kinds of bribery.

Those who offer and accept facilitation fee under threat should record the matter and report to supervisors and reponsible units.

Responsible unit should response and review regarding to the reported facts to decrease potential risks in the future. Any illegal incidents should be reported to judicial organs immediately.

Article 9 Procedure of Political Party Funding

The company must not donate political party funding.

Article 10 Procedure of Philanthropic Donations and Sponsorship

Philanthropic donations or sponsorship of the company should comply with the following:

- I. Conformity with local laws.
- II. Decision in written form.
- III. The purpose is for philanthropic donations not for bribery.
- IV. Feedback from the sponsorship is reasonable without involvement of business partners or other interested parties.
- V. The donations should be approved by the CEO and reported to the responsible unit of integrity operation and coperate social responsibility.
- VI. Receipts of donations or sponsorship are needed.

Article 11 Guidelines for avoidance of conflicts of interest

CEOs, supervisors, managers, observers and other attendants that are interested parties of the discussed matter should neither participate in the vote and discussion nor represent the voting right of other directors. The directors should self- disciplined and avoid improper mutual support.

When the spouse of the director, consanguinity of second-degree relative or companies with control or dominance subordiance with the director are interested parties of the aforesaid discussed matter, the director is considered interested person as well.

When conflict of interest of oneself or the representative corperation, as well as possible improper benefits for oneself, spouse, parents, children or other interested parties is found, should be reported to related supervisor and the responsible unit.

The company resources must not be used in outside business activities. The outside business activities should not affect the employee's job performance.

Article 12 Organization and Duty of Non-disclosure Agreement

Offices of headquarters and the subsidiaries are responsible for managing and conserving non-disclosure operation.

Article 13 Prohibition for Unfair Competition

The company should comply with the Fair Trade Act and related laws when carrying on business. Fixed price, bid rigging, quantity, quota limits or sharing or demerge market by means of allocating customers, suppliers, operating regions business types.

Article 14 Interested Parties of Damages Regarding to the Product or Service

The company should be fully aware of the related laws and international regulations regarding to the product and service, as well as gather and publicize matters and required attention to assure security and transparency during research and development, stocking, manufacturing, providing and marketing process.

When involving direct or indirect damages relating to the well-being and rights of consumers or other interested parties, the company will disclose the protection policy for customers and other interested parties.

When receiving exposure of damages relating to the well-being and rights of consumers or other interested parties from the third party, including but not limited to the media, the company should obey the possible government decree of product or service discontinuation and get down to investigation as well as improvement.

The aforementioned circumstances, after treatment and following review and improvement should be reported to the board meeting by the responsible unit.

Article 15 Prohibition for Insider Trading and Non-disclosure Agreement

The company should comply with the Securities and Exchange Act. Unreleased information is prohibited to avoid insider trading from employees or others.

Organizations or personnels participating in company mergers, demergers, acquisitions, transfer of shares, strategic alliance and other cooperation projects or crucial contracts should sign the non-disclosure agreement to avoid commercial confidential leak out and unauthorized access to information.

Article 16 Integrity Management Policy

Integrity policy should be officialy publicized in the internal regulations, annual reports, company website or other printed literature and also in product launch events, earnings conference calls and other external activities to inform the company's suppliers, customers or other related organizations and personnels.

Article 17 Assessment of Integrity Management Before Trading

Before any contract, the company should consider legitimacy and integrity management policy of the commercial agents, suppliers, customers and other business partners' trading objects, as well as any record of dishonest behaviors to assure fair, transparent and anti-bribery business mode. Proper audit procedure listed below can help the company evaluate its potential partners:

- I. Nation to which the enterprise belongs, enterprise location, organizations, management policy and payment destination.
- II. Whether the enterprise has established integrity management policy and implementation.
- III. Whether the enterprise is located in nations with high corruption.
- IV. Whether business affairs of the enterprise often involve in bribery.
- V. Long-term operation and reputation of the enterprise.
- VI. Opinions from the business partners of the enterprise.
- VII. Records of former dishonest behaviors including bribery or illegal political party funding.

Article 18 Guidelines of Integrity Management Policy for Trading Objects

In the business activities, the company should explain the guidelines of integrity management policy to trading objects, and reject both direct and indirect offer, acceptance, requirement or any forms of improper benefits.

Article 19 Avoidance of Dishonest Traders

The company should avoid trading with commercial agents, suppliers, customers and other business partners committing dishonest behaviors. When the dishonest behaviors are found during cooperation, the company should immediately terminate the partnership for good according to the integrity operating policy.

Article 20 Establishment of Integrity Management Agreement

Before any contract, the company should fully understand the integrity operation of its potential partners, and the integrity operating policy should be included in the agreements with some critical points listed below:

- I. Either party aware of violation relating to commission, kickbacks or other improper benefits should inform the other with the identification, offers, promises, requirements or acceptance of the personnel as well as quantity of cash or other improper benefits, also providing related evidence for further investigation. If necessary, the party has right to request damages which can be deducted on the accounts payable according to the agreement.
- II. If any party is involved with the dishonest behaviors during business activities, the others have the right to terminate contracts.
- III. Clearly established contents of payment, including destination, method and related tax acts.

Article 21 Procedure of Dishonest behaviors of Employee

When receiving reports of dishonest behaviors of employee, the company should investigate related facts and suspend the personnel if the facts are proved illegal afterward. If needed, the company can request damages through legal procedures to defend reputation and right.

The company and responsible unit should make a review regarding to the found integrity acts in order to prevent similar matter.

Conditions of dishonest behaviors, the treatment, the following review, and the improvement should be reported to the board meeting by the responsible unit.

Article 22 Procedure of Dishonest behaviors from the Third Party

Any correlative facts involving illegal situations of dishonest behaviors act should be reported to judicial and procuratorial organs (e.g. Involvement of civil servants is reported to related government organization).

Article 23 Internal Dissemination, Reward and Penalty System, Appeal System and Discipline

Performance evaluation and human resources policy should include integrity management with clearly established reward and penalty system as well as appeal system.

The company has right to dismiss personnels committing serious dishonest behaviors.

The company should disclose the personnel's title, name, date of violation, content of violation and after treatment etc.

Article 24 Operation

The procedure and guidelines are deliberated and approved by the audit committee and the board meeting, as well as reported to shareholders. The same process shall apply when correcting.

During discussion of the procedure and guidelines in the board meeting, suggestions of each director should be considered thoroughly, as well as any objections which will be recorded in the meeting minutes. Objections from those who fail to attend the meeting in person should be solicited in writing form and recorded in the meeting minutes.

Appendix 13

Universal Cement Corporation

Articles of Incorporation

Chapter I General

- Article 1 The Company was organized in accordance with the provisions of Company Limited by Shares specified in the Company Act, and was named "Universal Cement Corporation", referred to as "UCC".
- Article The business scope of the Company is as follows:
- (1) C901030 Cement Manufacturing
 - (2) C901040 Manufacture of Ready-mix Concrete
 - (3) C901990 Other Non-Metallic Mineral Products Manufacturing
 - (4) CC01080 Electronics Components Manufacturing
 - (5) CC01110 Computer and Peripheral Equipment Manufacturing
 - (6) E801030 Indoor Light-gauge Steel Frame Engineering
 - (7) F111090 Wholesale of Building Materials
 - (8) F119010 Wholesale of Electronic Materials
 - (9) F219010 Retail Sale of Electronic Materials
 - (10) F120010 Wholesale of Refractory Materials
 - (11) F211010 Retail Sale of Building Materials
 - (12) F220010 Retail Sale of Refractory Materials
 - (13) F401010 International Trade
 - (14) IZ09010 Management System Certification
 - (15) J101090 Waste Disposal
 - (16) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Corporation may provide external endorsement guarantees due to its business needs.
- When handling external endorsement guarantees, the Company shall comply with the relevant regulations of the securities authority.
- Article 2-2 The external reinvestment of the Corporation shall be approved by the board of directors, with unlimited amount of total investment.
- Article 3 Headquartered in Taipei City, Taiwan (ROC), the Corporation can set up branches, factories and business offices at home and abroad if necessary.

Chapter II Shares

- Article 4 The announcement of the Corporation shall be conducted in accordance with Article 28 of the Company Act
- Article 5 The Corporation has the authorized share capital of six billion, five hundred and thirty-six million, ninety-one thousand, nine hundred and twenty dollars New Taiwan Dollars (NT\$6,536,091,920), which is divided into 6,536,091,920 units to issue in full with NT\$10 per share
- Article 6 The Corporation issues its shares to registered owners only. Share certificates are issued with the signatures or authorized seals of the chairman and at least three directors, subject to certification by the operation of the laws. The Corporation is not required to print non-physical stock certificates for its shares. The Corporation shall communicate with a centralized securities depository enterprise for registration. The same applies for other securities.
- Article 7 The Corporation issues its shares to registered owners only, so the Corporation 's shareholders shall provide their real names and residence addresses for recording in the register of shareholders.
- Article8 The transfer, donation, loss and damage, and dissolution of pledge rights, etc. of the Corporation's stock shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and relevant laws and regulations
- Article 9 (Deleted)
- Article 10 (Deleted)
- Article 11 (Deleted)
- Article 12 Sixty days before the meeting of each Annual general meeting, or 30 days before the meeting of the extraordinary general meeting, or five days before the base date when the Corporation decides the distribution of dividends or other benefits, the share transfers shall be suspended.

Chapter III Shareholders' Meeting

- Article 13 The board of directors shall convene an annual general meeting within six months after the end of each fiscal year. An extraordinary shareholder meeting may be held by the resolution of the board of directors whenever deemed necessary.
- Article 14 The convening of the annual general meeting shall be notified to all shareholders 30 days before the meeting, and the convening of the extraordinary shareholder meeting shall be notified to all shareholders 15 days before the meeting. The notice shall specify the reason for the

convening.

- Article 15 Shareholders who hold more than 3% of the total number of issued shares for more than one year may write down the proposed matters and their reasons, and request the board of directors to convene extraordinary shareholder meetings. The board of directors shall issue the convening notice within 15 days after the request is made.
- Article 16 The meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on a leave, the vice chairperson shall act in place of the chairperson; if both the chairperson and the vice chairperson are on leave, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.
- Article 17 The Corporation 's shareholders are entitled to one vote per share, but the restrictions on the voting rights of shares shall comply with the provisions of the Company Act.
- Article 18 If a shareholder is unable to attend the shareholder meeting in person, a proxy can be appointed to attend on behalf of such shareholder by completing the Corporation 's proxy form and by specifying the scope of delegated authority. Unless otherwise regulated in Article 177 of the Company Act, shareholders shall delegate their proxy attendants in compliance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 19 Except otherwise regulated by the Company Act, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.

Chapter IV Directors and Audit Commission

- Article 20 The board shall consist of 5 to 7 directors elected from persons of adequate capacity during the shareholder meeting, including at least three

independent directors, who shall not be less than one-fifth of total director seats. Directors are elected to serve a term of 3 years, which can be renewed if re-elected. The candidate nomination system shall be adopted during election of directors. Shareholders shall elect directors and independent directors from the list of candidates thereof in accordance with the "Company Act", the "Securities and Exchange Act", and other related laws and regulations. The independent directors' professional qualifications, shareholding, restrictions on part-time jobs, determination of independence, methods of nomination and election, and other compliance matters shall be handled in accordance with the relevant regulations of the securities authority. The total shareholding ratio of all directors under the preceding paragraph shall comply with the provisions of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" promulgated by the securities authority.

Article 21 The directors shall organize the board of directors to elect a chairman and a deputy chairman among directors during a board meeting with more than two-thirds of directors present, and with the support of more than half of attending directors. The Chairman serves as the Corporation's representative to the outside world and shall take centralized control over all its businesses with the assistance of the vice chairman.

Article 22 The board of directors shall convene a general meeting every three months. The chairman of the board may convene an extraordinary meeting if necessary, and the chairperson shall serve as the chairman. When the chairperson of the board is on leave, the vice chairperson shall act in place of the chairperson; if both the chairperson and the vice chairperson are on leave, the chairperson shall appoint one of the managing directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 22-1 The Corporation's board meetings shall be convened and communicated to directors seven (7) days in advance with detailed agenda; however,

board meetings may be convened in case of emergency. A notice of such board meeting may be communicated to the Company's directors in writing or via facsimile or email.

- Article 23 The authorities of the board of directors are as follows:
- Drafting of various regulations.
 - Deciding business policy.
 - Reviewing budget and final accounts.
 - Appointing and removing important staff.
 - Drafting surplus distribution or loss allowance.
 - Drafting and approving the purchase and disposal of important property and real estate.
 - Other resolutions in accordance with laws and regulations and the shareholders meeting.
- Article 24 Unless otherwise provided by the Company Act, the resolutions of the board of directors shall be made by more than half of the directors present and the approval of more than half of the directors present.
- Article 25 The directors may authorize in writing other directors of the Corporation to attend the board of directors as the proxy and exercise voting rights on all matters proposed at the meeting, but each director shall only be the proxy of one other director. When the board of directors convenes a video conference, the directors who participate in the video conference shall be deemed to have attended the meeting in person.
- Article 26 The Corporation established an audit committee according to the provisions of the Securities and Exchange Act, which is in charge of the implementation of the authorities of the supervisors provided by the Company Act, the Securities Exchange Act and other regulations. The audit committee is composed of all independent directors, with no less than three directors. One of them shall be the convener, and at least one shall contain accounting and financial expertise. The Audit Committee, the exercise of authorities of of its members and related matters shall be processed in accordance with the Securities Exchange Act and related laws and regulations.
- Article 27 (Deleted)
- Article 28 The board of directors of the Corporation may set up other functional

committees, and the the board of directors shall establish the organizational rules.

Article 29 The remuneration of the chairman, vice chairmen and directors for performing their duties shall be determined by the board of directors based on the standards of the other companies in the same industry.

Chapter V Managers and Staff

Article 30 The Company has set up a general manager to be in charge of the comprehensive business of the resolution made by the board of directors; a number of deputy general managers, associate managers and managers to assist the general manager in handling business and the business of various departments. The appointment and removal of the general manager shall be proposed by the chairman of the board of directors with the presence of more than half of the directors and a resolution approved by more than half of the directors present. The appointment and removal of deputy general managers, associates and managers shall be conducted based on the provisions of the Company Act.

Article 31 The remuneration of the Corporation's managers shall be conducted based on the provisions of Article 29 of the Company Act.

Chapter VI Final Accounts and Surplus Distribution

Article 32 The board of directors is responsible for preparing and submitting the following statements and reports according to the legal procedures at the annual meeting of shareholders for ratification at the end of each fiscal year.

Business report

Financial statements; and

Earnings appropriation or loss reimbursement proposals

Article 33 The Corporation is required to allocate at least 1% of its annual profit as the compensation for employees. The board of directors shall decide to distribute and distribute in stocks or cash, and the distribution objects may include employees of affiliated companies who comply with certain conditions. The board of directors may decided to allocate no more than 3% as directors' remuneration based on the above profit, which shall only be paid in cash. Both employee compensation and director compensation

shall be reported to the shareholders meeting.

However, when the Company still has accumulated losses, the amount of compensation shall be reserved in advance, and then allocate employee remuneration and directors' remuneration according to the proportion provided in the preceding paragraph.

Article 33-1 After the final settlement at the end of each year, annual surpluses concluded by the Corporation are first subject to taxation and reimbursement of previous losses by law, followed by a 10% provision or reversal of special reserve as required by law. However, when the legal earned surplus reserve has reached the paid-in capital, it may no longer be listed, and the rest shall be listed or converted to the special surplus reserve according to laws and regulations. Subsequently, if there are some surpluses, they shall be combined with cumulative undistributed earnings and subject to the proposal for the distribution of earnings issued by the board of directors; a request for distribution shall be put forward at the shareholder meeting for distribution.

The traditional industrial environment where the Corporation belongs to stays in a stable period, and the high-tech industrial environment is in its infancy. In consideration of the future capital requirement and long-term financial planning of the Corporation, the principle of distribution of shareholder dividends shall be all issued with cash dividends. However, in the year when there is a large demand for funds, the shareholder dividends shall be paid with stock dividends and cash dividends, in which the proportion of stock dividends shall not exceed 50% of the total shareholder dividends. The dividend distribution ratio under the preceding paragraph shall be subject to the annual profitability and capital requirements, which may be adjusted by the resolution of the shareholders' meeting.

Article 34 When the accumulation of the provident fund has reached the total capital, the shareholders' meeting may decide to stop the accumulation.

Chapter 7 Supplementary Provisions

Article 35

The Rules Governing the Corporation's Organization are determined separately.

Article 36

Any matters not addressed herein shall be governed by the "Company Act" and other related laws and regulations.

Article 37

The Articles of Incorporation was established on March 1, 1960.

The 1st amendment was made on May 15, 1962.

The 2nd amendment was made on March 29, 1963.

The 3rd amendment was made on February 25, 1964.

The 4th amendment was made on April 15, 1965.

The 5th amendment was made on March 15, 1966.

The 6th amendment was made on April 26, 1966.

The 7th amendment was made on April 15, 1966.

The 8th amendment was made on April 28, 1968.

The 9th amendment was made on May 12, 1970.

The 10th amendment was made on March 23, 1973.

The 11th amendment was made on April 02, 1974.

The 12th amendment was made on October 02, 1974.

The 13th amendment was made on March 30, 1976.

The 14th amendment was made on March 04, 1977.

The 15th amendment was made on April 04, 1978.

The 16th amendment was made on March 20, 1979.

The 17th amendment was made on March 27, 1980.

The 18th amendment was made on April 03, 1981.

The 19th amendment was made on April 02, 1982.

The 20th amendment was made on April 07, 1983.

The 21st amendment was made on April 06, 1984.

The 22nd amendment was made on April 03, 1985.

The 23rd amendment was made on April 07, 1986.

The 24th amendment was made on April 15, 1987.

The 25th amendment was made on April 20, 1988.

The 26th amendment was made on April 14, 1989.

The 27th amendment was made on April 12, 1990.

The 28th amendment was made on April 12, 1991.

The 29th amendment was made on April 21, 1992.

The 30th amendment was made on April 01, 1993.
The 31st amendment was made on April 08, 1994.
The 32nd amendment was made on April 20, 1995.
The 33rd amendment was made on April 18, 1996.
The 34th amendment was made on May 08, 1997.
The 35th amendment was made on May 14, 1999.
The 36th amendment was made on May 30, 2000.
The 37th amendment was made on May 31, 2001.
The 38th amendment was made on June 18, 2002.
The 39th amendment was made on June 26, 2003.
The 40th amendment was made on June 11, 2004.
The 41st amendment was made on June 14, 2005.
The 42nd amendment was made on June 09, 2006.
The 43rd amendment was made on June 22, 2007.
The 44th amendment was made on June 13, 2008.
The 45th amendment was made on December 02, 2008.
The 46th amendment was made on June 14, 2010.
The 47th amendment was made on June 22, 2011.
The 48th amendment was made on June 28, 2012.
The 49th amendment was made on June 17, 2013.
The 50th amendment was made on June 11, 2014.
The 51st amendment was made on June 18, 2015.
The 52nd amendment was made on June 22, 2016.
The 53rd amendment was made on June 14, 2017.
The 54th amendment was made on June 14, 2018.